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This Month's Cover

GLOUCESTER, MASSACHUSETTS

For a good catch of fish Gloucester-manned schooners and trawlers range the Atlantic from the Capes of Virginia to the coast of Iceland. Fishing men have been the city's mainstay since the first settlers brought their tackle from England in 1623. . . . Incorporated as a town in 1642, Gloucester became a city in 1874, 232 years later. . . . In 1835 the print reproduced for the cover of "Dun's Review" was drawn from nature and lithographed by F. H. Lane, a native Gloucesterman and noted marine artist. East Gloucester is in the foreground, Rocky Neck at left center, and the city's comfortable harbor at center. This print appears through the courtesy of the Phelps Stokes Collection, New York Public Library. . . . Today the city's 300 years of tradition, its annual memorial for men lost at sea, and its picturesque setting on Cape Ann double the 24,000 population each Summer. Within the city limits are the vacation resorts of Magnolia, Annisquam, Bass Rocks, and East Gloucester. Nearby is the Reef of Norman's Woe, scene of "The Wreck of the Hesperus." Gloucester has 46 manufacturing establishments employing 1,687 wage earners on products valued at $8,278,000 (1939); mainly sea food, marine engines and equipment, refrigerators, steel forgings, glue, and boats. The dark granite of nearby quarries decorates the Woolworth Building and the towers of Brooklyn Bridge, New York. There are 364 retail stores with an $8,204,000 trade; 18 wholesalers share sales of $2,796,000 (1939 Census). About $1,000,000 worth of fish are landed at the port annually. Part of the catch is also unloaded at nearby ports.

WINTER SCENE ON FARM—PHOTOGRAPH FROM FREDERIC LEWIS

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MOBIL

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THIS year, when business organizations are exposed to unusual stresses, careful use of measuring sticks of financial soundness is unusually important. Here the author presents his annual report on the analysis of the finances of 36 industries, 24 wholesale lines, and 12 retail trades, compiled after examination of 1940 statements from several thousand companies.

BENCHMARKS OF BUSINESS HEALTH

14 Ratios for 72 Lines

ROY A. FOULKE
Manager, Specialized Report Department
DUN & BRADSTREET, INC.

FEW of the financial problems of our unfolding defense economy had been translated to any appreciable extent into the financial condition of respective divisions of industry and commerce by the closing days of 1940. The total defense program, initiated in June, 1940, called for the expenditure of $28,500,000,000. This initial estimate had been upped by successive steps in unofficial quarters to no less than $150,000,000,000 by the end of 1941. Contracts for only $11,153,000,000 were awarded during 1940, and actual cash disbursements before the end of that year amounted to but $1,885,000,000, or 6.6 per cent of the total appropriations. The injection of this amount of purchasing power into the business world had only a moderate immediate effect on the financial ratios of industry and trade.

Two of 14 ratios used in comparative yearly studies showed a noticeable change during 1940, the ratio of current debt to tangible net worth, and the ratio of current assets to current liabilities more generally known as the "current ratio."

In 42 of 70* divisions of industry and commerce surveyed over the five-year period from 1936 to 1940, the ratio of current debt to tangible net worth was higher in 1940 than in 1939, and in fifteen of these lines, the ratio was the highest over the entire five-year period. Of the 42 lines which disclosed higher proportions in this particular ratio for the year, 28 were manufacturers, nine were wholesalers, and five were retailers. The obvious explanation of this trend is that the current assets, consisting principally of cash, receivables, and merchandise, were beginning to bulk heavier toward the end of 1940, and current liabilities were expanding correspondingly.

With heavier current assets and larger current liabilities, lower current ratios for the 1940 figures would be expected, and that is exactly what occurred. Out of the 70 divisions of industry and commerce for which comparative yearly ratios have been determined, 42 showed lower current ratios, with the greatest concentration in manufacturing and the least in wholesaling lines.

* Comparable figures for five years are available for the 70 lines discussed. They appear in *Credit Problems in a War Economy*, a booklet to be published shortly by DUN & BRADSTREET, INC.

About the Tables on Pages 7-9

In these tables the interquartile figures are the first and third, the median figure or "average" is the one between them in darker type. When any figures are listed in order according to their size, the median is the middle figure and the interquartile range is the range between the figures one-quarter and three-quarters down the list.

* * *

Footnotes to tables on pages 7, 8, and 9: †Loss. *These percentages (of total debt to tangible net worth, and of net working capital represented by funded debts) were determined only for those lines of business and for those years in which a reasonable number of concerns had outstanding long-term liabilities.

**Building contractors and job printers have no inventories in the credit sense of the term. Contractors only carry materials such as lumber, bricks, tile, cement, structural steel, and building equipment to complete particular jobs on which they are working. They have no customary selling terms, each contract being a special job for which individual terms are arranged. Printers only carry current supplies such as paper, ink, binding materials, and lead for type-casting.

***Part of the annual sales of these retail lines was for cash and part was on charge account. To obtain an average collection period it would have been necessary to deduct the amount of the cash sales from the annual net sales and then to have determined the average number of days for which the accounts and notes receivable were outstanding, based upon the resultant yearly charge sales. The necessary information was available in too few cases to obtain an average collection period which could be used as a broad guide.

* * *

Collection Period—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any) less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable by the average credit sales per day to obtain the average collection period.

Current Assets—Total of cash, accounts, and notes receivable for the sale of merchandise in regular trade quarters, inventory, listed securities when carried at the lower of cost or market, and United States Government securities.

Current Debt—Total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as reserves for taxes and reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

Fixed Assets—The sum of the depreciated book values of real estate, buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

Funded Debt—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with a maturity of more than one year from the statement date.

Inventory—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

Net Profits—Profit after full depreciation on buildings, machinery, equipment, furniture, fixtures, and other assets of a fixed nature; reserve for taxes; reduction in the value of inventory to cost or market, whichever lower; charge-offs for bad debts; all miscellaneous reserves and adjustments; but before dividends or withdrawals.

Net Sales—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

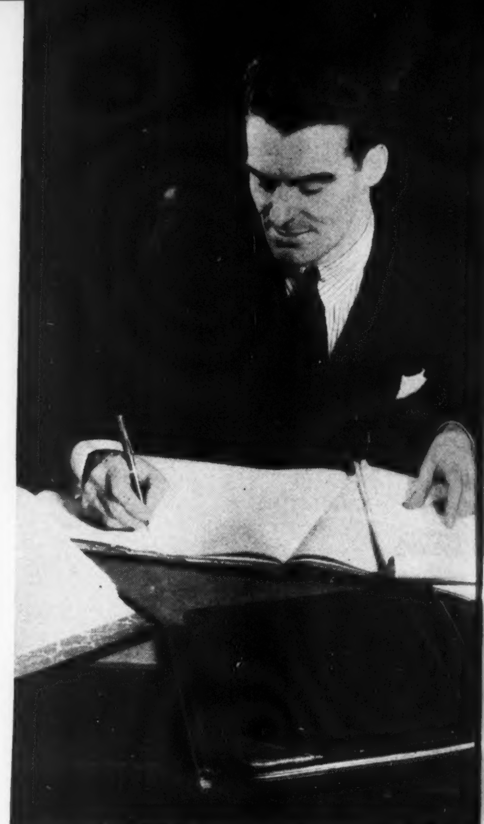
Net Sales to Inventory—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover, which would be determined by reducing the annual net sales by the percentage of gross profit, and then dividing the resulting figure by the statement inventory.

Net Working Capital—The difference between the sum of the current assets and the sum of the current debt.

Tangible Net Worth—The sum of all preferred stocks (if any) and common stocks, surplus, and undivided profits, less any intangible items in the assets, such as good-will, trade-marks, patents, copyrights, leaseholds, mailing lists, treasury stock, organization expenses, and underwriting discounts and expenses.

Turnover of Tangible Net Worth—The quotient obtained by dividing the annual net sales by the tangible net worth.

Turnover of Net Working Capital—The quotient obtained by dividing the annual net sales by the net working capital.



FLP PHOTO

Wholesale prices, according to the index of the Bureau of Labor Statistics of the U. S. Department of Labor, showed practically no change during the year, rising only a fraction of a point from 79.2 in January to 80.0 in December of 1940. As a result of the relatively limited amount of actual defense spending in 1940, and the stability of wholesale prices, the remaining balance sheet ratios disclose no appreciable effect of our emerging defense economy.

Increased investments in plant facilities are playing a most strategic part in our changing world. We must expand plant capacities if we are to produce the "goods" and become "the great arsenal of democracy." The ratios of fixed assets to tangible net worth which are the indications of increasing investments in real estate, buildings, machinery, and equipment, disclose no particular significance for 1940. Eighteen of the manufacturing lines, eight of the wholesaling, and only two of the

(The text continues on page 10)

Fourteen Important Financial Ratios

WITH INTERQUARTILE RANGE, FROM 1940 FINANCIAL STATEMENTS

Line of Business	Number of Concerns	Current Assets to Current Debt (Times)	Net Profits on Net Sales (Per Cent)	Net Profits on Tangible Net Worth (Per Cent)	Net Profits on Net Working Capital (Per Cent)	Turnover of Tangible Net Worth (Times)	Turnover of Net Working Capital (Times)	Average Account Collection Period (Days)	Net Sales to Inventory (Times)	Fixed Assets to Tangible Net Worth (Per Cent)	Current Debt to Tangible Net Worth (Per Cent)	Total Debt to Tangible Net Worth* (Per Cent)	Inventory to Net Working Capital (Per Cent)	Inventory Covered by Current Debt (Per Cent)	Funded Debts to Net Working Capital* (Per Cent)
FOR 36 MANUFACTURING INDUSTRIES															
		3.80	8.92	19.95	42.00	3.17	7.23	25	7.2	29.8	21.2	53.1	48.8	58.2	78.6
Automobile Parts and Accessories	61	2.58	5.50	14.85	29.60	2.23	4.24	36	6.4	42.1	31.7	104.4	71.0	74.0	84.0
		1.90	3.58	9.42	16.86	1.64	3.34	51	5.8	55.8	56.2	125.2	105.1	123.1	105.9
		2.59	7.07	15.06	57.94	2.45	17.95	15	19.6	70.0	12.7	21.9	40.1	103.4	70.7
Breweries	45	2.03	3.58	4.81	38.51	1.76	9.84	21	16.1	81.3	18.9	40.6	65.8	148.0	111.8
		1.56	0.85	0.91	5.28	1.34	6.90	28	10.8	106.0	29.8	96.8	124.8	202.7	164.3
		3.12	3.25	23.53	36.68	7.39	13.60	**	**	10.0	15.6	32.5	**	**	65.1
Building Contractors	91	2.07	2.27	10.74	20.49	3.86	8.69	**	**	26.1	43.1	50.9	**	**	81.1
		1.61	1.37	6.47	10.36	2.69	4.24	**	**	44.3	79.6	62.3	**	**	101.3
		4.45	9.47	14.92	44.27	1.85	4.71	30	7.4	23.4	10.7	...	50.8	41.5	...
Chemicals, Industrial	43	3.11	6.08	8.94	22.11	1.48	3.27	39	5.7	44.7	19.6	...	64.2	64.3	...
		2.38	4.89	3.05	12.36	0.71	2.60	41	4.4	64.4	33.0	...	95.6	108.2	...
		5.31	3.44	7.86	7.96	2.00	2.65	32	4.6	4.1	5.3	...	55.5	9.9	...
Cigars	21	3.86	2.88	4.33	5.54	1.57	1.87	55	3.3	18.0	18.5	...	70.8	32.8	...
		3.03	1.90	1.90	2.71	1.01	1.53	81	1.7	30.7	29.2	...	92.6	54.4	...
		3.49	1.79	10.17	13.03	6.18	8.89	22	16.6	5.8	20.1	...	48.5	55.5	...
Clothing, Children's Dresses, and Wash Suits	30	2.53	1.15	6.68	8.36	4.75	5.99	37	7.3	10.0	49.1	...	68.5	78.4	...
		2.05	0.65	2.63	2.90	3.43	4.23	48	4.9	15.7	71.1	...	104.3	128.5	...
		3.26	2.37	10.10	12.73	5.77	6.95	36	9.3	2.1	28.0	...	55.9	53.6	...
Clothing, Men's and Boys'	211	2.25	1.07	5.22	6.48	4.03	4.92	60	6.6	6.5	57.6	...	74.6	87.4	...
		1.72	0.30	1.25	1.59	2.97	3.57	87	4.2	16.3	103.7	...	104.5	138.1	...
		2.96	1.18	12.27	16.24	10.40	11.44	22	22.1	3.5	39.2	...	33.0	77.0	...
Coats and Suits, Women's	67	2.38	0.75	4.78	5.66	6.43	7.85	31	13.9	7.2	56.8	...	60.3	114.3	...
		1.73	0.15†	1.10†	1.27†	4.72	5.54	42	9.1	15.5	97.2	...	82.3	162.3	...
		5.61	3.97	12.77	25.48	3.99	7.58	16	14.1	29.7	7.1	39.5	37.4	41.4	57.9
Confectionery	40	2.96	2.21	6.50	12.75	2.17	5.04	31	10.0	46.1	17.2	55.0	59.3	60.7	97.5
		2.07	0.78	1.98	4.54	1.26	3.13	48	6.1	64.9	41.1	77.9	72.5	121.0	120.0
		4.93	1.74	11.65	16.30	7.14	8.92	21	13.5	8.5	18.2	...	57.9	42.4	...
Corsets, Girdles, and Brassieres	27	2.23	1.27	7.02	8.71	5.60	6.88	38	7.2	15.4	39.5	...	84.7	74.8	...
		1.88	1.74†	6.92†	8.08†	3.76	4.63	63	2.9	28.6	75.5	...	129.2	101.5	...
		5.52	13.67	35.10	59.78	2.90	5.02	20	10.7	5.1	11.5	...	38.2	25.1	...
Cosmetics and Toilet Preparations	26	3.34	11.27	28.18	30.71	2.30	3.57	50	5.3	13.8	20.6	...	51.7	67.6	...
		2.25	1.45	3.63	4.35	2.21	2.39	85	4.6	20.5	41.7	...	86.2	94.8	...
		3.37	2.40	11.48	13.47	5.14	5.79	46	7.2	0.5	30.1	...	54.7	47.5	...
Cotton Goods, Converters	33	2.34	1.45	4.84	5.88	3.94	4.58	67	5.2	1.1	59.7	...	81.8	92.5	...
		1.94	1.21	3.52	4.04	2.43	2.80	96	3.6	1.9	100.5	...	99.4	120.2	...
		3.10	1.92	12.28	19.55	9.32	12.68	27	30.6	4.1	34.2	...	23.7	93.4	...
Dresses, Silk and Rayon	96	2.15	0.49	3.34	4.88	6.42	8.90	39	18.7	6.8	63.1	...	37.0	132.9	...
		1.78	0.01	0.10	0.22	4.99	6.58	55	10.7	11.4	95.7	...	58.8	181.5	...
		6.54	10.56	29.68	33.92	2.49	4.52	32	7.0	18.4	10.5	...	37.4	33.0	...
Drugs	26	4.19	5.34	9.14	15.89	1.68	2.88	56	4.9	28.3	22.6	...	60.2	58.4	...
		2.66	1.21	2.50	3.60	1.32	1.86	82	3.1	37.2	44.8	...	94.7	99.9	...
		4.02	5.50	22.64	38.20	3.71	7.20	31	8.2	29.1	19.7	...	57.3	47.6	...
Electrical Parts and Supplies	39	2.64	4.49	11.85	21.90	2.47	4.05	43	4.9	39.1	36.9	...	78.1	76.0	...
		1.96	2.76	7.71	13.74	1.88	3.02	64	3.7	53.8	60.0	...	111.3	90.5	...
		3.78	6.71	17.16	53.27	3.53	10.41	33	16.2	42.3	13.6	49.2	37.8	66.5	90.0
Foundries	58	2.84	5.02	13.23	32.19	2.20	7.03	40	10.9	59.4	20.9	59.9	49.8	105.7	96.6
		1.79	3.83	7.12	22.57	1.96	4.55	56	5.2	73.4	43.9	90.5	72.2	178.8	131.9
		3.03	4.94	14.13	36.56	5.13	19.67	16	6.3	40.7	17.2	110.0	52.5	48.5	60.2
Fruits and Vegetables, Canners	34	1.83	2.24	6.31	18.89	3.47	11.22	21	3.8	50.4	52.3	125.3	103.4	82.4	95.4
		1.25	0.95	2.83	9.96	1.93	3.60	35	2.6	93.2	104.5	155.1	145.6	101.4	148.8
		4.20	1.99	9.40	10.53	5.22	7.50	50	8.5	1.5	10.6	...	28.1	32.7	...
Fur Garments	35	2.58	0.47	3.53	3.63	2.60	2.99	60	5.5	4.3	33.3	...	49.3	75.5	...
		1.52	0.40†	0.47†	1.71†	1.17	1.66	94	3.7	11.5	108.4	...	93.1	112.8	...
		3.92	4.59	13.68	28.82	3.87	7.21	47	9.4	20.7	13.2	73.3	51.0	46.3	62.8
Furniture	102	2.36	2.76	6.06	13.40	1.92	4.38	59	5.2	41.5	36.1	88.8	74.5	75.2	74.0
		1.80	1.61	3.41	7.42	1.35	2.84	76	3.4	56.0	62.9	135.4	103.2	132.4	93.0
		4.23	14.19	26.02	43.22	2.74	5.65	32	8.2	34.5	17.5	45.4	58.2	50.7	62.3
Hardware and Tools	42	2.89	8.30	14.32	30.18	1.90	4.65	38	5.5	45.8	26.6	60.5	82.9	63.6	85.5
		1.95	5.30	12.12	24.38	1.39	3.20	42	3.5	59.0	42.9	83.0	102.3	115.8	122.5
		4.89	4.66	11.13	36.13	3.86	9.52	21	10.9	45.9	12.4	33.3	56.5	42.8	62.5
Hosiery	67	2.75	2.40	5.38	9.56	2.40	6.01	31	7.6	59.9	24.7	57.7	82.7	66.2	92.6
		1.79	0.63†	1.72†	2.98†	1.73	3.95	52	5.5	89.2	49.4	63.8	125.8	122.8	101.4
		3.95	2.35	8.12	15.04	4.91	8.40	26	10.2	6.3	17.4	...	40.7	51.7	...
Knitted Outerwear	51	2.41	0.97	3.46	4.86	3.56	5.69	40	7.4	19.3	37.3	...	75.8	72.7	...
		1.78	0.06	0.10	0.17	1.81	3.35	68	4.6	43.2	70.3	...	113.9	93.7	...
		3.67	4.36	25.29	31.28	6.95	7.99	26	8.5	4.6	18.6	...	40.7	50.8	...
Leather Garments	28	2.58	2.79	11.50	14.46	3.99	4.86	39	7.5	8.5	43.3	...	76.2	76.1	...
		2.02	1.38	2.28	3.77	1.51	2.61	59	5.8	15.7	76.6	...	100.6	97.9	...
		3.87	2.75	13.49	14.95	5.30	6.57	41	7.8	4.8	12.8	...	58.2	44.0	...
Luggage, Leather	27	2.39	0.69	3.02	4.03	4.65	5.58	66	7.1	9.1	48.6	...	80.6	75.7	...
		1.91	0.12	0.57	0.68	3.03	3.24	76	5.8	17.1	69.8	...	102.6	118.2	...

Fourteen Important Financial Ratios

Line of Business	Number of Concerns	Current Assets to Current Debt (Times)	Net Profits on Net Sales (Per Cent)	Net Profits on Tangible Net Worth (Per Cent)	Net Profits on Net Working Capital (Per Cent)	Turnover of Tangible Net Worth (Times)	Turnover of Net Working Capital (Times)	Average Account Collection Period (Days)	Net Sales to Inventory (Times)	Fixed Assets to Tangible Net Worth (Per Cent)	Current Debt to Tangible Net Worth (Per Cent)	Total Debt to Tangible Net Worth* (Per Cent)	Inventory to Net Working Capital (Per Cent)	Inventory Covered by Current Debt (Per Cent)	Funded Debts to Net Working Capital* (Per Cent)
FOR 36 MANUFACTURING INDUSTRIES—Continued															
Machinery, Industrial	281	4.27 2.71 1.89	10.42 5.68 3.15	21.97 12.29 6.56	41.36 23.47 12.50	2.99 1.80 1.39	6.84 4.26 2.62	34 49 84	9.7 6.2 3.7	25.4 43.5 59.4	13.6 26.4 45.9	60.2 93.6 145.7	45.2 67.2 91.8	44.5 73.9 120.5	60.0 70.2 150.0
Metal Stampings	52	3.71 2.57 1.70	8.66 4.71 3.01	24.00 14.49 6.42	57.21 31.24 13.32	4.42 2.14 1.85	8.56 5.02 3.15	35 47 63	11.8 7.3 4.9	28.7 45.3 70.0	18.0 28.0 44.9	... ...	39.4 63.1 89.0	55.3 81.6 105.9	... ...
Neckwear, Men's	50	4.52 2.52 1.99	2.84 0.92 0.06	10.37 4.27 0.12	12.39 4.91 0.18	4.50 3.29 2.11	5.23 4.13 2.70	60 80 111	15.8 8.1 3.6	1.8 6.9 10.7	14.2 39.2 74.7	... ...	16.9 43.5 73.9	34.8 98.7 144.9	... ...
Paints, Varnishes, and Lacquers	114	4.63 3.29 2.39	3.08 1.96 0.67	11.83 6.75 2.00	23.38 11.79 4.68	4.01 2.51 1.87	7.00 4.83 3.69	34 52 60	10.5 7.4 4.9	22.9 35.3 49.3	12.6 21.2 35.3	48.3 80.0 110.3	46.2 65.2 84.9	55.6 60.1 99.1	63.7 98.3 120.8
Paper	40	5.38 2.86 2.33	6.17 5.32 2.66	9.16 7.34 2.15	32.56 18.49 9.05	1.69 1.31 0.83	6.90 4.47 3.06	27 39 42	7.8 4.9 4.1	57.7 75.2 84.7	9.7 14.6 19.4	33.9 60.2 78.8	62.3 74.4 100.7	36.6 56.2 88.6	79.7 102.6 150.4
Paper Boxes	51	5.16 3.31 2.16	8.99 6.58 3.54	16.83 10.51 6.33	39.13 33.37 16.12	1.90 1.47 1.30	6.53 5.04 3.41	29 40 67	8.9 7.6 6.1	30.8 51.4 77.5	10.0 15.6 39.0	19.8 35.1 96.1	47.2 73.5 90.1	41.4 68.3 113.8	55.7 98.6 115.9
Printers, Job	52	4.83 2.85 1.69	3.74 1.07 0.25†	11.30 3.06 0.35†	23.08 10.92 1.54†	5.36 2.28 1.62	13.52 5.98 4.97	34 41 55	** ** **	28.5 54.6 77.4	11.1 22.8 39.3	52.8 74.5 91.0	** ** **	** ** **	64.2 104.4 142.1
Purses and Handbags, Leather	25	2.72 2.08 1.75	3.11 1.88 0.89†	30.70 17.02 8.32†	37.23 20.93 11.84†	10.76 7.87 7.39	14.05 10.07 8.64	30 32 46	17.0 12.6 10.3	5.9 13.3 22.1	52.1 72.2 103.1	... ...	46.5 77.4 96.9	75.6 116.6 146.4	... ...
Shirts, Underwear, and Pajamas, Men's	61	3.06 2.10 1.72	2.64 0.83 0.26	9.60 2.61 0.73	11.38 4.15 0.85	5.56 3.59 2.63	8.38 5.06 2.80	44 60 92	12.9 7.4 4.9	5.0 12.9 26.6	27.8 56.1 98.2	... ...	51.2 79.8 108.9	62.1 99.1 139.3	... ...
Shoes, Women's and Children's	63	3.69 2.30 1.53	2.60 1.92 0.61	11.88 7.21 1.56	18.63 9.73 2.40	5.04 4.07 2.30	6.97 6.17 3.57	26 42 56	11.1 6.3 5.1	12.0 25.2 36.8	22.1 48.8 95.7	... ...	62.2 77.2 119.0	57.7 88.0 134.8	... ...
Silk and Rayon Piece Goods, Converters	31	2.86 1.91 1.68	1.10 0.44 0.19	8.81 3.43 1.13	8.91 4.07 1.20	7.63 6.23 3.97	9.10 6.66 4.19	40 43 53	12.0 7.8 5.8	0.7 1.4 2.4	50.4 84.5 137.5	... ...	60.5 96.6 122.7	70.3 104.0 130.5	... ...
Underwear, Women's Silk and Rayon	80	3.76 2.24 1.74	1.45 0.68 0.17†	9.19 2.97 1.05†	10.49 3.47 1.15†	7.83 4.41 3.48	11.82 6.10 4.51	36 44 56	18.5 9.7 5.5	7.6 12.3 21.8	21.9 50.2 97.4	... ...	40.5 76.5 100.2	40.9 77.3 126.5	... ...
FOR 24 WHOLESALE TRADES															
Automobile Parts and Accessories	134	4.13 2.85 2.10	3.38 2.06 1.13	14.52 7.20 2.32	20.59 10.87 3.65	4.59 3.28 2.11	6.05 4.24 2.93	34 45 61	6.3 4.7 3.9	5.7 12.1 29.9	19.8 40.2 66.7	50.9 75.7 104.9	59.5 85.0 106.3	41.5 65.8 92.0	71.0 83.0 106.3
Butter, Eggs, and Cheese	42	3.50 1.97 1.68	1.61 0.86 0.40	16.35 6.61 2.45	32.54 10.82 2.77	13.61 8.88 3.87	19.54 12.42 7.14	14 21 28	35.8 22.2 10.7	3.9 13.6 53.9	11.0 41.2 83.1	... ...	16.0 44.3 72.1	45.9 94.4 163.6	... ...
Cigars, Cigarettes, and Tobacco	58	2.24 1.80 1.56	0.73 0.42 0.08	14.00 7.20 1.52	20.89 10.74 2.83	28.93 15.15 11.00	35.92 22.38 14.24	11 17 25	34.1 29.1 23.1	6.9 10.1 30.8	44.6 94.1 127.7	... ...	59.2 92.8 134.3	95.0 150.2 195.6	... ...
Coal	29	4.97 2.86 1.95	1.55 1.04 0.40	12.04 5.14 0.60	20.54 11.55 1.03	8.26 4.20 3.73	13.22 11.62 9.42	31 49 58	29.6 12.8 5.9	3.9 22.4 64.9	9.9 23.6 50.5	... ...	18.6 34.5 50.1	48.5 107.3 147.3	... ...
Coffee and Tea	21	4.37 2.45 2.07	2.65 2.34 0.76	10.79 9.20 2.07	15.22 11.37 3.45	5.13 2.79 1.30	6.25 5.50 3.05	27 41 74	15.9 8.6 3.7	8.7 17.0 30.4	21.2 33.7 56.9	... ...	42.9 72.6 114.6	44.3 70.7 119.5	... ...
Drugs and Drug Sundries	48	3.66 2.81 1.94	2.66 1.81 0.71	12.11 6.97 3.31	14.36 9.43 3.99	5.44 3.96 2.55	7.26 4.96 3.11	29 37 60	7.6 5.3 4.4	2.6 7.7 22.8	23.6 44.7 80.7	... ...	58.4 76.5 99.4	46.3 68.2 115.6	... ...
Dry Goods	113	4.16 2.62 2.17	2.43 1.14 0.42	6.39 4.54 1.72	7.96 5.74 1.85	4.75 3.24 2.13	6.11 4.13 2.88	49 64 86	8.6 5.8 4.5	1.0 5.8 21.1	13.7 35.7 67.7	... ...	45.2 61.9 84.8	34.4 72.3 98.9	... ...
Electrical Parts and Supplies	56	3.31 2.41 1.90	3.75 2.45 0.54	15.21 7.16 2.80	20.73 7.67 2.99	5.08 3.64 3.08	7.23 4.75 3.33	32 50 67	8.4 5.9 4.1	3.2 8.8 20.0	32.7 53.9 90.0	... ...	59.7 83.7 97.2	58.9 89.4 130.0	... ...
Fruits and Produce, Fresh	21	4.21 2.09 1.43	1.83 0.81 0.35	14.61 8.30 1.60	21.76 13.42 5.51	10.69 8.84 3.87	16.99 14.08 7.90	15 21 40	26.3 19.1 18.4	9.8 36.2 66.9	10.4 38.3 69.8	... ...	25.5 54.3 85.5	32.3 101.2 174.2	... ...
Gasoline and Lubricating Oils	32	3.36 2.23 1.43	2.77 2.41 0.75	18.83 9.53 2.88	38.85 29.42 3.65	7.53 3.89 1.97	15.03 10.25 5.37	21 36 43	24.2 13.8 11.0	19.8 57.4 74.6	14.5 27.6 48.8	47.9 83.6 114.4	32.7 63.5 146.9	77.4 111.4 168.2	61.3 78.1 146.4
Groceries	178	4.03 2.79 2.01	2.05 0.89 0.13	9.91 3.94 0.83	14.12 5.82 1.20	7.89 5.63 4.11	10.04 7.04 5.14	20 29 37	9.9 7.7 6.3	4.3 13.2 26.6	17.1 40.2 67.7	... ...	68.9 90.3 119.4	32.0 56.2 77.4	... ...
Hardware	131	4.73 2.98 2.26	3.64 1.93 0.63	11.52 5.97 1.77	14.07 7.77 2.36	3.80 2.63 2.11	5.02 3.16 2.32	41 50 63	5.0 3.4 2.9	4.2 15.9 30.9	15.9 33.3 57.2	40.6 95.0 108.1	71.1 87.5 108.8	30.6 53.1 74.2	55.7 60.4 97.5

Fourteen Important Financial Ratios

Line of Business	Number of Concerns	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Tangible Net Worth	Net Profits on Net Working Capital	Turnover of Tangible Net Worth	Turnover of Net Working Capital	Average Account Collection Period	Net Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth*	Inventory to Net Working Capital	Inventory Covered by Current Debt	Funded Debts to Net Working Capital*
		Times	*Per Cent*	*Per Cent*	*Per Cent*	*Times*	*Times*	*Days*	*Times*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*	*Per Cent*
FOR 24 WHOLESALE TRADES—Continued															
Hosiery	36	*4.28* **2.90** *2.07*	*1.66* **0.75** *2.42†*	*8.34* **2.71** *6.08†*	*8.60* **3.28** *7.72†*	*6.38* **4.53** *2.49*	*6.58* **4.97** *2.77*	*30* **53** *76*	*12.7* **7.7** *5.1*	*0.6* **1.9** *4.0*	*11.0* **40.0** *62.6*	... ...	*41.9* **62.1** *92.7*	*30.0* **56.8** *104.5*	... ...
Hosiery and Underwear	39	*5.54* **3.24** *2.49*	*2.28* **0.87** *0.25*	*8.11* **3.85** *0.81*	*11.04* **4.06** *1.13*	*4.61* **3.09** *2.19*	*5.25* **3.67** *2.75*	*48* **60** *89*	*9.4* **6.1** *4.9*	*0.8* **2.5** *6.1*	*14.4* **29.1** *57.0*	... ...	*45.7* **57.6** *79.8*	*34.2* **51.3** *84.9*	... ...
Knitted Outerwear	22	*4.39* **3.29** *2.36*	*1.46* **0.70** *0.14*	*6.98* **3.25** *0.67*	*9.22* **3.72** *0.68*	*6.29* **4.43** *3.15*	*6.59* **4.78** *3.28*	*32* **58** *77*	*16.1* **11.1** *8.0*	*1.6* **2.7** *4.9*	*22.9* **41.8** *62.6*	... ...	*30.8* **47.1** *66.7*	*73.9* **92.6** *131.2*	... ...
Lumber	108	*3.59* **2.48** *1.90*	*2.63* **2.32** *1.15*	*11.89* **9.19** *2.75*	*23.35* **12.07** *5.80*	*7.96* **4.78** *2.58*	*12.82* **7.32** *3.26*	*28* **56** *86*	*6.5* **4.9** *2.7*	*2.2* **17.5** *28.2*	*20.3* **44.7** *71.1*	*39.6* **80.7** *106.0*	*30.8* **69.3** *97.3*	*41.8* **81.1** *125.1*	*53.4* **89.8** *115.4*
Meat and Poultry	39	*3.65* **2.38** *1.70*	*0.85* **0.56** *0.09*	*11.14* **3.51** *0.48*	*17.79* **5.23** *1.12*	*14.91* **7.14** *4.28*	*20.92* **14.07** *9.35*	*13* **24** *32*	*30.0* **22.2** *11.7*	*8.6* **26.3** *56.3*	*20.6* **41.5** *62.8*	*54.2* **82.3** *100.9*	*25.5* **56.8** *79.9*	*71.4* **102.9** *166.9*	*54.7* **57.4** *68.8*
Paints and Varnishes	31	*5.01* **2.89** *1.74*	*2.14* **0.92** *1.95†*	*9.26* **1.78** *2.88†*	*11.09* **3.71** *4.75†*	*4.60* **2.25** *1.39*	*5.93* **4.38** *2.44*	*35* **59** *81*	*8.2* **5.8** *4.0*	*4.8* **25.4** *45.4*	*10.9* **24.3** *58.3*	... ...	*44.1* **62.4** *80.6*	*30.5* **68.2** *106.9*	... ...
Paper	75	*3.96* **2.69** *2.05*	*1.59* **0.85** *0.11†*	*7.24* **4.04** *0.39†*	*10.55* **5.10** *0.45†*	*5.98* **4.70** *2.95*	*7.52* **6.18** *3.59*	*35* **51** *68*	*9.3* **7.0** *4.3*	*2.2* **6.7** *25.2*	*25.0* **46.1** *79.8*	... ...	*50.9* **69.8** *94.8*	*56.4* **79.4** *108.7*	... ...
Plumbing and Heating Supplies	93	*3.44* **2.64** *1.81*	*3.03* **1.65** *0.84*	*15.27* **7.50** *1.98*	*18.35* **10.26** *2.71*	*4.39* **3.15** *2.57*	*6.65* **4.40** *3.52*	*49* **58** *76*	*7.8* **5.4** *4.6*	*6.8* **21.2** *45.7*	*23.9* **47.2** *74.6*	*68.1* **77.5** *148.5*	*56.0* **82.8** *101.7*	*47.4* **81.7** *124.9*	*62.6* **81.5** *96.4*
Shoes, Men's and Women's	28	*5.25* **3.68** *2.44*	*1.04* **0.14** *1.01†*	*5.95* **0.50** *2.75†*	*7.71* **0.53** *3.10†*	*5.40* **3.29** *2.73*	*6.99* **3.71** *3.05*	*62* **64** *77*	*6.5* **4.8** *4.3*	*0.8* **8.1** *11.9*	*19.2* **24.5** *59.1*	... ...	*41.9* **61.2** *80.9*	*34.9* **58.6** *82.7*	... ...
Wines and Liquors	39	*2.02* **1.83** *1.52*	*1.63* **1.26** *1.51*	*15.75* **9.65** *5.84*	*21.62* **12.60** *8.64*	*10.41* **6.59** *2.90*	*13.12* **9.02** *4.50*	*26* **45** *61*	*7.7* **6.2** *3.4*	*4.0* **9.9** *22.8*	*54.8* **95.9** *143.1*	... ...	*74.0* **108.0** *143.0*	*87.9* **109.8** *137.9*	... ...
Womenswear, Coats, Suits, and Dresses	22	*3.51* **2.46** *1.98*	*0.71* **0.48** *0.04*	*5.41* **3.07** *0.12*	*5.92* **3.27** *0.15*	*7.58* **5.49** *3.33*	*11.12* **6.96** *3.53*	*47* **56** *98*	*20.7* **16.7** *10.2*	*1.6* **2.6** *8.7*	*25.0* **53.6** *78.9*	... ...	*18.4* **31.9** *51.3*	*113.0* **145.4** *188.3*	... ...
Woolen and Worsted Piece Goods	38	*2.79* **1.78** *1.48*	*1.71* **0.97** *0.28*	*10.18* **4.19** *1.99*	*13.83* **4.36** *1.76*	*7.49* **5.75** *2.82*	*9.20* **6.76** *3.07*	*37* **59** *101*	*7.3* **5.9** *3.2*	*0.5* **1.5** *3.0*	*55.7* **107.6** *188.9*	... ...	*68.1* **100.8** *117.4*	*75.4* **110.7** *167.7*	... ...
FOR 12 RETAIL TRADES															
Clothing, Installment	38	*4.11* **3.52** *2.53*	*6.06* **5.42** *2.88*	*12.98* **9.95** *4.65*	*13.90* **10.43** *5.18*	*2.17* **1.74** *1.23*	*2.36* **2.03** *1.30*	*171* **207** *304*	*8.8* **6.3** *5.4*	*3.1* **6.3** *18.8*	*20.2* **34.3** *51.4*	... ...	*22.9* **28.2** *35.9*	*74.9* **137.9** *210.3*	... ...
Clothing, Men's and Boys'	69	*3.82* **2.63** *2.07*	*3.28* **3.33** *2.49*	*11.69* **7.42** *4.26*	*17.30* **10.79** *5.75*	*3.55* **2.38** *1.31*	*4.40* **3.45** *1.00*	*** *** ***	*4.5* **3.6** *2.5*	*6.8* **14.6** *31.9*	*14.6* **33.6** *66.5*	*45.7* **62.3** *84.0*	*66.1* **87.8** *114.6*	*23.8* **59.6** *84.5*	*55.9* **114.0** *139.5*
Coal	29	*3.55* **2.50** *1.37*	*1.08* **0.95** *3.06†*	*3.74* **1.34** *3.26†*	*6.28* **4.12** *5.39†*	*3.29* **1.87** *1.05*	*8.64* **4.89** *1.77*	*34* **67** *84*	*14.1* **12.8** *6.4*	*21.1* **55.7** *85.4*	*5.8* **23.1** *54.8*	*33.8* **50.2** *75.4*	*22.3* **35.2** *93.4*	*51.0* **112.9** *176.4*	*60.6* **112.5** *131.4*
Department Stores	259	*4.62* **3.27** *2.46*	*4.54* **2.50** *1.03*	*10.31* **6.37** *2.31*	*16.46* **10.32** *4.99*	*2.97* **2.34** *1.74*	*5.15* **4.04** *3.03*	*** *** ***	*7.5* **5.9** *4.2*	*11.9* **25.2** *58.9*	*12.9* **27.7** *43.7*	*53.0* **73.6** *104.7*	*53.1* **69.7** *90.6*	*41.3* **59.5** *84.2*	*64.2* **85.1** *118.9*
Fur Garments	35	*3.96* **2.68** *1.85*	*2.99* **1.89** *0.13*	*10.53* **8.58** *0.38*	*15.53* **9.33** *0.53*	*4.19* **2.49** *1.72*	*4.79* **3.31** *2.89*	*** *** ***	*7.8* **4.6** *3.4*	*4.7* **11.6** *31.7*	*20.9* **37.7** *90.3*	... ...	*40.2* **63.4** *89.4*	*50.3* **94.0** *129.3*	... ...
Furniture, Installment	170	*5.28* **3.14** *2.32*	*6.54* **4.55** *2.58*	*12.66* **7.46** *3.34*	*14.42* **8.21** *4.64*	*1.92* **1.37** *1.04*	*2.20* **1.68** *1.25*	*185* **227** *301*	*6.2* **5.0** *4.0*	*2.8* **12.8** *29.7*	*15.3* **32.7** *41.7*	*51.5* **81.3** *109.8*	*20.6* **31.5** *48.3*	*59.2* **110.6** *171.4*	*65.0* **91.2** *139.6*
Groceries, Chain	20	*2.50* **1.73** *1.40*	*1.71* **1.34** *0.37*	*13.76* **10.14** *2.70*	*28.36* **11.14** *3.45*	*11.91* **6.79** *6.23*	*18.05* **12.43** *9.02*	*** *** ***	*11.5* **9.5** *8.4*	*27.1* **38.8** *86.8*	*34.5* **62.2** *103.5*	*57.1* **85.2** *101.1*	*116.4* **145.1** *218.8*	*49.7* **70.0** *94.9*	*92.1* **117.5** *138.8*
Hardware	43	*5.61* **3.07** *1.98*	*3.23* **1.88** *0.62*	*10.49* **4.52** *0.74*	*16.72* **5.78** *1.25*	*2.95* **2.11** *1.17*	*5.11* **3.06** *2.15*	*** *** ***	*4.0* **3.4** *2.3*	*8.6* **38.2** *56.9*	*7.6* **21.4** *54.5*	... ...	*61.2* **84.9** *113.6*	*15.8* **40.0** *70.9*	... ...
Lumber	80	*3.73* **2.96** *2.22*	*5.45* **3.01** *1.66*	*15.87* **5.77** *1.89*	*20.65* **8.17** *3.83*	*3.19* **1.80** *1.03*	*4.82* **3.12** *2.34*	*53* **70** *84*	*5.3* **4.4** *2.8*	*20.9* **31.8** *53.2*	*7.7* **22.9** *46.7*	*34.2* **75.2** *103.0*	*53.2* **72.2** *92.1*	*20.9* **53.0** *96.8*	*51.5* **64.4** *105.5*
Men's Furnishings	30	*3.56* **2.24** *1.94*	*2.61* **2.18** *0.91*	*7.02* **4.50** *1.48*	*13.59* **5.78** *1.55*	*3.21* **2.06** *1.05*	*5.74* **2.58** *1.60*	*** *** ***	*3.7* **3.0** *2.0*	*6.9* **19.0** *49.6*	*23.0* **42.0** *62.8*	... ...	*73.2* **129.3** *167.3*	*30.8* **55.6** *66.5*	... ...
Shoes, Men's and Women's	36	*4.30* **2.91** *2.52*	*3.72* **1.88** *0.02*	*18.70* **7.15** *0.06*	*27.98* **9.73** *0.10*	*5.73* **3.09** *1.21*	*7.69* **5.07** *3.08*	*** *** ***	*6.6* **3.9** *2.9*	*8.4* **19.9** *36.3*	*14.6* **32.7** *51.3*	... ...	*85.0* **99.4** *134.8*	*23.4* **38.7** *55.8*	... ...
Women's Specialty Shops	105	*3.47* **2.63** *2.02*	*2.31* **1.34** *0.41*	*8.21* **4.65** *1.09*	*15.95* **6.99** *1.61*	*5.30* **3.59** *1.96*	*7.10* **6.74** *4.12*	*** *** ***	*11.0* **8.6** *5.7*	*12.5* **20.1** *43.2*	*24.3* **45.4** *66.2*	*39.7* **95.5** *149.9*	*46.9* **70.1** *95.2*	*60.6* **93.1** *137.1*	*58.8* **83.5** *109.2*

retailing lines show increased percentage investments in fixed assets during the year, and these increases are all of a minor nature. In other words, 28 of the divisions of industry and commerce show an upward trend in this particular ratio, while 42 showed a downward trend.

The turnover of net working capital was greater in 1940 for 24 lines of business activity and smaller for 46 lines. The turnover was higher in seventeen manufacturing lines, three wholesaling lines, and four retailing lines. In nine of the divisions, the turnover for 1940 was the highest for the five-year spread from 1936 through 1940. Among these nine lines were manufacturers of industrial machinery, canners of fruits and vegetables, manufacturers of paints, lacquers, and varnishes, packers of meat and provisions, and wholesalers of lumber. In these particular divisions of activity, the increased volume was of large proportions.

Other selected ratios which normally would be of particular interest at a time of such fundamental industrial adjustments as we are going through, show little change. The ratios of net sales to inventory, for example, disclose nominal variations for the year. In 28 divisions of business activity this particular ratio was greater, in 33 it was smaller, in seven it was the same in 1940 as in 1939, and in two specialized lines this particular ratio could not be computed. The changes whether upward or downward were of a minor nature with but three exceptions, manufacturers of industrial machinery, manufacturers of curtains, draperies and bedspreads, and wholesalers of knitted outerwear. In each of these three fields, the ratio of net sales to inventory was the highest in 1940 for the five-year spread.

Since December, 1940, the tempo of basic changes in our economy has continued to step up. Along with the tremendously increased Federal appropriations and cash expenditures has come a sustained upward surge in wholesale prices. On November 22, 1941, the wholesale price index of the Bureau of Labor Statistics reflected an advance of 16 per cent over a one-year period. Farm products in this broad index had increased 31.3 per cent while all commodities other than farm products had increased 13.2 per cent during the same period. The 1941 figures of industrial and commercial business enterprises will show the greater effects of these more powerful impacts on our steadily intensifying defense economy.

Financial Ratios for Department Stores by Size (Tangible Net Worth) Classes

	Under $200,000	$200,000 to $500,000	Over $500,000
Number of Concerns	113	58	88
Current Assets to Current Debt (Times)	3.00	3.18	3.65
Net Profits on Net Sales (%)	1.67	3.31	2.75
Net Profits on Tangible Net Worth (%)	5.39	8.37	6.42
Net Profits on Net Working Capital (%)	7.29	12.55	10.99
Turnover of Tangible Net Worth (Times)	.2.40	2.01	2.33
Turnover of Net Working Capital (Times)	3.33	3.81	4.31
Net Sales to Inventory (Times)	4.6	5.5	7.2
Fixed Assets to Tangible Net Worth (%)	19.6	23.5	40.5
Current Debt to Tangible Net Worth (%)	34.0	25.5	20.2
Total Debt to Tangible Net Worth (%)	86.9	82.7	69.8
Net Working Capital Represented by Inventory (%)	79.6	63.6	59.0
Inventory Covered by Current Debt (%)	55.3	64.0	66.6
Net Working Capital Represented by Funded Debts (%)	85.1	107.6	80.9

See explanatory material on page 6. . . . The figures are medians.

EWING GALLOWAY PHOTO

FRENCH-CANADIAN SHIPYARD WORKERS AT A LAUNCHING—CANADIAN PUBLIC INFORMATION PHOTO

CANADIAN WARTIME PRICE CONTROL

JULES BACKMAN

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THE extensive powers now available to control prices in Canada have evolved gradually since the outbreak of the war. Initially, only necessities of life were controlled. Industrial and war materials were not brought under formal control until June 1940; rent fixing started several months later. Controls over agricultural products were established at various times throughout this period.

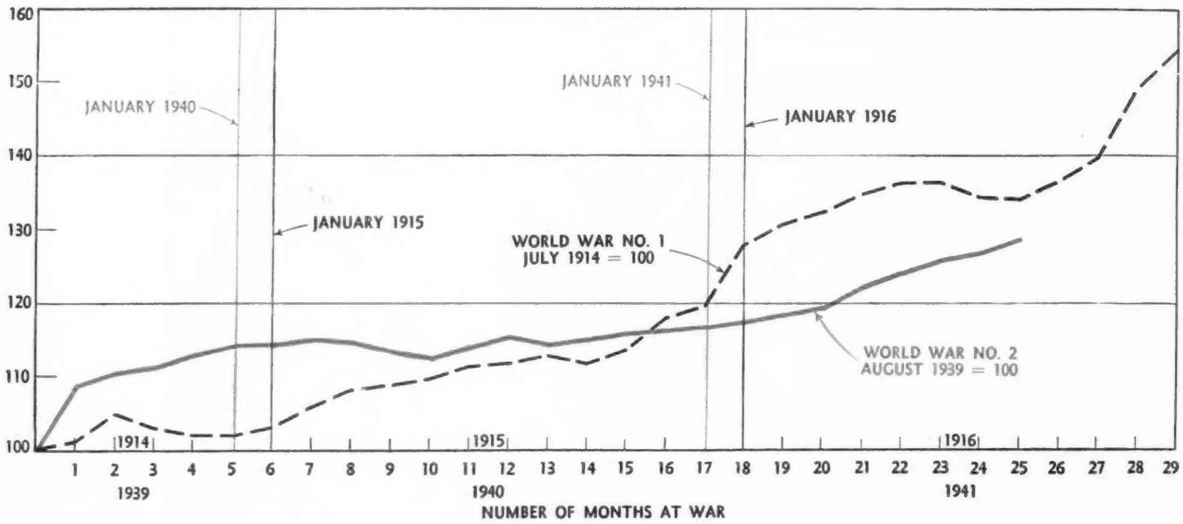
After two years of war, the power to control all Canadian prices was centralized in one agency, The Wartime Prices and Trade Board. In mid-October Prime Minister Mackenzie King announced the adoption of a general price and wage ceiling plan fixing all prices at the level prevailing in the four weeks ending October 11. This, Canada's most drastic move thus far, took effect December 1, after being postponed from November 17.

Canada's Wartime Prices and Trade Board, established upon the outbreak of the war, until recently had jurisdiction primarily over the prices, supplies, and distribution of any goods designated as necessities of life—especially food, clothing, and fuel. This agency administers the installment credit and rent controls and checks retail prices to ensure that they are not raised unduly because of excise taxes, import levies, and import restrictions. There is to be no pyramiding of mark-ups on excise and on War Exchange taxes. (A similar policy was enunciated by Leon Henderson after the new U. S. excise taxes went into effect at the beginning of October.) In Canada, the tax must be shown as a separate item on the invoices of manufacturers or wholesalers.

The Board, which originally consisted of three members, has twice been enlarged. At present there are six members, one of whom is the Chair-

The writer wishes to express his thanks to a colleague, Mr. Henry Brodie, who prepared the Calendar of Control Measures and made many helpful suggestions in connection with the textual material.

Canadian Wholesale Prices: 1914-1916 and 1939-1941



man of the Wartime Industries Control Board. His position permits coordination between the activities of the two Boards. In addition, whenever a product under a Controller is to be price-fixed, that Controller or his representative temporarily becomes a seventh member of the Board. Five other members of the Board are heads of peacetime agencies and include Chairman of the Tariff Board, Commissioner of Excise, Commissioner of the Combines Investigation Act, Director of the Department of Agriculture Marketing Service and the Senior Trade Commissioner.

Control Powers

The Board can investigate costs and prices, fix maximum markups or prices, buy or sell necessities of life, commandeer supplies, require licenses, prohibit exports, and obtain any necessary information. The Royal Canadian Mounted Police helps the Board "get their profiteers" by making field investigations of complaints. The Weights and Measures Inspection Service of the Department of Trade and Commerce and the Board's own staff are also used for this purpose. Some decentralization was provided by using the provincial attorneys-general to prosecute violations and to investigate complaints in their jurisdictions.

Although the Board has considered many complaints, there have been relatively few prosecutions. In the early days of the control, the prosecutions for profiteering were widely publicized as a deterrent to other would-be violators.

Wherever possible, difficulties were eliminated voluntarily rather than through compulsion. Thus, the Board early stated that "its objective is to create an enlightened and effective public opinion, rather than an imposing record of criminal convictions." In one area, where collusive price fixing was charged in the distribution of coal, the practice was abandoned when the Commissioner of the Combines Investigation Act (somewhat comparable to our Anti-Trust Division) was called into the conference. Investigations of supplies, distribution, or hoarding have been made for many products, including butter, textiles, fuel, leather, beans, flour, mill feeds, meat, and liver oil.

Statistics on inventories, supply, production, distribution, and prices have been taken on a wide scale. To check the continuous flow of complaints, retail price data are regularly compiled for more than 100 towns throughout Canada with the co-operation of the Dominion Bureau of Statistics.

The Board's powers have been delegated to Administrators who handle the following controls:

Industry	Date of Appointment
Wool	Sept. 18, 1939
Sugar	Oct. 3, 1939
Hides and Leather	Oct. 3, 1939
Coal	Oct. 18, 1939
Rentals	Sept. 11, 1940
Animal and Vegetable Oils	Oct. 9, 1940

These Administrators were selected from outside the industries they direct. However, each has a Technical Advisor who is a leading expert in the field to be controlled. The British policy is to appoint as administrators or controllers persons associated with the industry. In each country the Administrator works very closely with the industry to obtain adjustments in its prices by voluntary means.

Until the adoption of the general price ceiling, direct price control had been imposed only on wool, bread and flour, butter, hides and leather, and rentals. In every instance except rents, direct price control was considered a temporary expedient which should be abandoned as soon as possible.

The price of wool used for military

purposes was fixed November 24, 1939, after some holders refused to sell at the price voluntarily agreed upon between the Wool Administrator and the major part of the industry. The sharp increase in military demand and the inability to obtain new supplies had created a temporary shortage. Since prices were more than 50 per cent above the pre-war level and a further rise could not attract new supply, prices were fixed. With the inflow of supplies after the turn of the year and the release of the hoarded wool, the tight situation was alleviated; on January 27, 1940, price was decontrolled.

Maximum bread and flour prices were fixed on August 5, 1940, at the level prevailing July 23 to prevent rises during an investigation of the effect on the milling and baking industry of a 15 per cent processing tax per barrel of wheat (equivalent to 70 cents a barrel for flour). It was found that, due to a decline in wheat prices, the price of flour including the tax was no higher than at the beginning of the year. With this statement the Board revoked its price fixing order about a month later. When a rise in bread prices became imminent this July, the processing tax was removed. In August the slicing and elaborate wrapping of bread was prohibited with a view to keeping costs down.

A third product temporarily price controlled was butter. Production and stocks had decreased while consumption increased. Consequently, butter prices advanced about 60 per cent in the last three months of 1940. The shortage was due in part to the production, under the stimulus of special subsidies, of cheese which would be sent to Great Britain.

As the price of butter rose, it was feared that it would become more profitable to produce that product instead of cheese and thus cause a diversion which might be harmful to the war effort. Moreover, the producing season was at the lowest ebb; most of the available butter was held by dealers, who would be the main beneficiaries of any further price increase.

Since no increase in imports was possible at that time, maximum wholesale prices were fixed slightly below the prevailing level. Consumers were asked to avoid waste. In the following months the market price fluctuated below the fixed maximum, and on May 1, 1941, the maximum prices were accordingly revoked.

To keep Canadian hide prices in line with those in the United States, prices were informally fixed last July. A letter to this effect was sent to Canadian packers and dealers soon after hide prices had been fixed somewhat below prevailing market levels in the United States. At the end of August, a more detailed schedule of prices was issued by the Administrator. One purpose of restraining a further price rise was to make Canadian prices more attractive and thus to conserve dollar exchange by discouraging hide imports from the United States. The price of ice in Montreal was also fixed informally during the past Summer.

Rent Control

The most important direct control exercised by the Wartime Prices and Trade Board until the recent ceiling plan was that over rents. On September 11, 1940, the Board was given power to control these and two weeks later the first controls were instituted. The development of industrial and military activities had led to sharp increases in population of certain cities, with the consequent shortage of housing facilities. The Board appointed local Rental Committees for each area and set maximum rentals as of some earlier date. By October, 1941, there were 63 rent-controlled areas; more than 7,500 rentals are reported to have been fixed by these Committees.

Initially, rents were frozen as of January 2, 1940, and any increases which occurred between that date and the imposition of control had to be cancelled. Most severely affected by these controls were leases drawn in May (the second most important renting date) 1940. Since February 1941 the basic date in new orders has been January 2, 1941. Even if an area were not designated as controlled and maximum rentals were not established, a landlord was subject to prosecution for profiteering if he charged excessive rents. Under certain conditions the landlord can increase rentals above the specified maximums.

A government-owned company, Wartime Housing, Ltd., was organized last March and undertakes housing programs in areas where there is an acute shortage because of war projects. These accommodations, according to the

NADIAN GIRL WORKER—CANADIAN PUBLIC INFORMATION PHOTO

Minister of Munitions and Supply "will be temporary in character, built at the lowest possible cost consistent with proper standards in health and sanitation, and will be rented to the occupants." To facilitate mass production, most building is concentrated in a few standard types of houses. Until the end of October, expenditures of $15,-750,000 provided for the construction of 4,427 bungalows, 35 staff houses, and other buildings.

Sugar

Sugar furnishes an excellent illustration of efforts to solve wartime problems without recourse to direct price control. Immediately after the start of the war, housewives, remembering the shortages in World War I, began to hoard sugar. As a remedy the Wartime Prices and Trade Board suggested to refiners that deliveries be increased by at least 25 per cent (the actual increase was about 30 per cent).

To replenish the dwindling stocks of refiners, large industrial users, at the request of the Board, released part of their supplies to them. Further to increase supplies, the dumping duty on refined sugar was suspended for about two months. An agreement with the United Kingdom also increased the flow of supplies from abroad. In this connection, the Sugar Administrator acts as the sole importer and, hence, determines the price that refiners pay. The following Spring, due to an increase in the cost of raw sugar to the British Controller, it became necessary to raise prices in Canada.

To prevent refiners from making an inventory profit, the Administrator took over their supplies at 5 P.M., May 20, and then resold the sugar to them the following morning at an increase of one-third of 1 cent per pound. The profit thus accrued to the government. Similarly, to prevent anticipatory buying and hoarding due to a proposed increase of 1 cent per pound in the excise tax on sugar last Spring, the Administrator ordered the refineries to increase their price by that amount immediately. In effect, this action added the equivalent of the tax to the price at once and eliminated the incentive to accumulate stocks. The entire increase accrued to the government. When the tax was levied several weeks later, the pre-budgetary levy was rescinded.

For wool, too, a number of indirect measures were used. They included temporary suspension of the customs duty, embargo on exports to conserve domestic supplies, requests that manufacturers should not use for civilian purposes wool suitable for military needs, and arrangements with the United Kingdom Controller to ensure an adequate supply. All imports of wool are co-ordinated through the Administrator's office which, where shortages exist, can effect the necessary allocation.

Cod liver oil is a commodity for which price control was "deliberately" avoided and a price rise encouraged. Before the war, Canada imported about three-fourths of its needs from Great Britain and Norway. As the war spread and intensified, these sources were no longer available; domestic supplies had to be increased. Under the stimulus of high prices, the domestic output of cod liver oil increased from 56,000 gallons in 1939 to more than 200,000 in 1940. Export of cod livers and cod liver oil is subject to licensing.

Since the end of August, responsibility for all price control is centered in the Wartime Prices and Trade Board, which may fix maximum, specific, and minimum prices and mark-ups of goods and services. Such prices or mark-ups may be set for manufacturers, importers, exporters, producers, jobbers, wholesalers, retailers, suppliers, and other dealers. It is clear that prices at every stage of the economic process may be fixed at the discretion of the Board. Under certain conditions, it may also:

1. control installment selling,
2. require licenses,
3. inspect books of record,
4. examine stocks of goods and materials held,
5. require written returns,
6. commandeer supplies at prices to be determined by the court if voluntary agreement is not possible, and
7. buy and sell goods through designated agencies.

Canadian Wholesale Commodity Prices 1939-1941

Selected Groups—August 1939 = 100

Adapted from index numbers of the Dominion Bureau of Statistics

	Sept. 1939	Aug. 1940	Dec. 1940	Aug. 1941	Sept. 1941
Vegetable Products	118.2	119.7	120.6	132.3	134.6
Animals and Their Products	111.2	110.5	119.9	139.0	143.6
Fibers, Textiles, and Textile Products	108.4	125.7	126.9	141.1	145.4
Wood, Wood Products, and Paper	105.2	116.1	116.7	124.6	125.4
Iron and Its Products	102.3	108.9	113.9	114.9	114.9
Non-ferrous Metals and Their Products	106.6	110.2	111.2	111.9	111.9
Non-metallic Minerals and Their Products	100.6	107.3	107.9	115.9	116.9
Chemicals and Allied Products	104.3	117.3	117.0	129.5	131.4
All Groups	108.4	114.2	116.4	127.0	128.9
Cost of Living	102.8	105.1	107.1	112.8	113.8

Other agencies, to be described, continue to function. But all decisions concerning prices are subject to the approval of the Board. Thus, when the Timber Controller changed the fixed price of several grades of lumber in September, his Order stated that the action was taken with the "concurrence of the Wartime Prices and Trade Board." The Board also has power to override prices fixed by provincial and municipal authorities.

The Board is now preparing to li-

ILL WORKER—CANADIAN PUBLIC INFORMATION PHOTO

cense all persons or firms handling food products, feeds, clothing, millinery, footwear, or furs. Licenses must be obtained by more than 200,000 retailers, wholesalers, jobbers, brokers, commission merchants, co-operatives, and auctioneers. A Director of Licensing handles the applications. All licenses must be secured by December 1, after which transactions by unlicensed firms or persons are prohibited. Whenever goods are bought for resale, both the buyers' and sellers' license numbers must be on the invoice or sales slip.

The licensing scheme was adopted in preparation for the most drastic control, the price ceiling. According to the Director of Licensing, "These restrictions are not designed to curtail operations in any way. But, by placing every person who in any way handles the commodities named in the Order under license, the Board will have the machinery with which to make speedy checks on available stocks and to police more effectively any price fixing order which may be instituted."

On October 18, the Prime Minister announced that, effective November 17, (later postponed to December 1) the maximum prices for all goods, except exports, are to be fixed at the levels prevailing between September 15 and October 11. Prices are also fixed for many services, including electricity, gas, water, telegraph, telephone, transportation, warehousing, undertaking, laundering, cleaning, tailoring, dressmaking, painting, supplying of meals and refreshments. This step was taken because Canada was entering a period of full employment of resources; sharp price rises were taking place; and the shortages could not be relieved by supplies from the United States, since this country too suffered from inadequate supplies.

Control over the prices and supplies of industrial goods and munitions was vested in the Department of Munitions and Supply, established in April 1940. Controllers, who are appointed, have the authority to fix maximum, minimum, or specific prices and mark-ups, to issue licenses, establish quotas, control distribution, examine a company's books, commandeer, determine number of grades or types that can be produced, and control plant expansion. Thus far, Controllers have been appointed for the following:

Industry	Date of Appointment
1. Steel	June 24, 1940
2. Lumber and Timber	June 24, 1940
3. Oil	June 28, 1940
4. Metals	July 15, 1940
5. Machine Tools	Aug. 22, 1940
6. Power	Aug. 23, 1940
7. Ship Construction and Repairs	Nov. 27, 1940
8. Motor Vehicles	Feb. 13, 1941
9. Chemicals	July 10, 1941
10. Transit	Aug. 15, 1941
11. Supplies (rubber, silk, radios, etc.)	Sept. 2, 1941
12. Construction	Sept. 18, 1941

Unlike the Administrators who were appointed by the Wartime Prices and Trade Board, several of the Controllers were previously connected with the industries they supervise. These Controllers and the Director General of Priorities automatically became members of a Wartime Industries Control Board, which was established in June 1940, to co-ordinate their activities.

Under the reorganization effected last August, the price activities of Controllers are subject to the approval of the Wartime Prices and Trade Board, while the Wartime Industries Control Board has complete control of all supplies, priorities, and allocation of materials essential to the war effort.

Formal price control was resorted to by the Controllers only for iron and steel scrap, lumber, and gasoline and fuel oil. Iron and steel scrap prices were fixed in July, after they had risen sharply because of hoarding and competitive bidding. This rise upset their normal relationship to pig iron prices, which had remained unchanged due to a voluntary agreement between the Controller and the industry. To re-establish this relationship, purchasers of scrap were ordered not to pay more than prices which were fixed below prevailing market quotations.

At the end of May, maximum manufacturers', wholesalers', and retailers' prices were established over lumber and millwork sold for Canadian consumption. Previously these had been subject to voluntary control. Prices of lumber for export were not fixed. The retail prices of lumber were frozen at the level prevailing April 1, 1941, while non-retail prices were based mainly upon existing industry price lists. The Controller estimated in August that prices would have been $10 more per thousand feet if price control had not been instituted.

In September, new maximum price schedules were issued for spruce lumber, shingles, hard maple, soft elm, and basswood. However, dealers had to allow purchasers a 2 per cent deduction from the maximum price if payment

was made within 30 days after shipment.

The Controllers have been able to prevent price rises in some industries by voluntary agreements. The Steel Controller, soon after his appointment in June 1940, secured an agreement from the industry that it would not raise iron and steel prices without his consent. Although he rejected several requests for increases, the old prices have continued to be respected. Co-operation has also proved effective in restraining price rises for non-ferrous metals and aluminum scrap.

Last November a Wartime Requirements Board was created to study priorities. Three months later, at its suggestion, a Priorities Branch was established in the Department of Munitions and Supply. The Director General of Priorities has authority to allocate materials, to set up a priorities list in co-operation with the officials of the various services, issue priority permits, control the use of industrial and transportation facilities, supersede private contracts for civilian supplies, give priorities to exports and priorities favoring goods essential for civilian welfare over non-essential goods. The Director General can also alter delivery dates and divert deliveries of completed orders. His office handles applications for priorities on materials secured from the United States.

Wherever possible, direct negotiation is used. According to a recent news release, "producers are expected to meet their own production problems by negotiation with others . . . . priority certificates will only be issued when all

CALENDAR OF CANADIAN PRICE CONTROL MEASURES

1939

September 3 Wartime Prices and Trade Board established "to provide safeguards . . . against any undue enhancement in the prices of food, fuel, and other necessities of life, and to ensure an adequate supply and equitable distribution of such commodities."

September 10 Canada declared war against Germany.

September 13 Munitions and Supply Act provided for the establishment of a separate Ministry of Supply if and when deemed necessary.

September 15 War Supply Board established and vested with authority "to mobilize, conserve and coordinate the economic and industrial facilities available in respect to munitions supplies and defense projects."

September 15 Foreign Exchange Control Board established with complete control over all capital movements and transactions as well as commodity imports and exports.

September 18 First Administrator (Wool) appointed by Wartime Prices and Trade Board.

September 20 Exportation of strategic minerals (asbestos, aluminum, copper, lead, nickel, zinc, scrap metals of all kinds) which are deemed capable of conversion to war purposes prohibited except under license from the Minister of National Revenue.

November 2 All dealers in coke and coal licensed.

November 24 First formal price control: Maximum prices for wools of types "44's to 50's" are fixed at 45 cents a pound, effective December 1, 1939.

December 9 Wartime Prices and Trade Board regulations amended to provide for co-operation between Dominion and Provincial authorities in the administration of enforcement.

December 13 Bacon agreement with United Kingdom, providing for delivery of 5,600,000 pounds of bacon weekly to British Ministry of Food. Contract retroactive to cover period from November 17, 1939, to October 31, 1940. Bacon Board set up to ensure fulfilling of contract, to determine prices to be paid packers, ensure farm prices to farmers for hogs, etc.

1940

January 23 Price of wool decontrolled.

March 6 Agricultural Supplies Board established to ensure constructive direction of agricultural production in Canada.

April 9 Department of Munitions and Supply established.

May 23 Canada contracts to deliver 35,000 long tons of cheddar cheese to United Kingdom and sets up Dairy Products Board to ensure fulfillment of contract.

June 21 National Resources Mobilization Act: Granting Governor in Council emergency power to mobilize human and material resources of country for purposes of defense.

June 24 Wartime Industries Control Board set up; to consist of various Controllers, and to act as a means of co-ordination within Department of Munitions and Supply.

August 6 Maximum prices of bread and flour for consumption in Canada fixed at prices prevailing as of July 23, 1940.

August 8 Steel Controller issues tentative priority schedule to steel industry.

August 8 No service station may be erected for sale of gasoline or other petroleum products; no pump facilities may be installed without approval of Oil Controller.

September 6 Prices of bread and flour decontrolled.

September 11 Rent control instituted. Wartime Prices and Trade Board vested with same powers in respect to rentals as with necessities of life.

September 24 Rentals frozen as of January 2, 1940, in certain war-congested areas.

October 26 Exports of machine tools, iron and steel in certain forms, and chrome ore prohibited except under license.

November 16 Wartime Requirements Board established to formulate priority policies.

other means of obtaining necessary production have been tried and found inadequate." Steel mills have been required to submit their rolling schedules to the Controller and all new orders for pig iron must be sent to him for approval. In September it was estimated that only about 35 per cent of the steel output was available for non-defense purposes. The order of priority in this industry has been:

1. War materials.
2. Transportation, mining, petroleum, and public utilities.
3. Agricultural implements, pulp, paper, and lumber.
4. Other uses.

More than a year ago, the number of gasoline service stations was limited by prohibiting the establishment of new ones and by forbidding the re-opening of closed stations without the approval of the Oil Controller. In addition, the use of oil in boilers, furnaces, and equipment not requiring it up to September 1940, was prohibited except when requirements aggregated less than 4,000 Imperial gallons annually,

Last June the installation of all new oil-consuming equipment of any kind was prohibited. The use of oil in any equipment not then requiring it was also forbidden. In July, gasoline stations were ordered (not requested, as in the United States) to close from 7 P.M. to 7 A.M. every day and all day Sunday; sales on credit were prohibited. Supplies to dealers in September were limited to 75 per cent of the aggregate motor fuel supplied in July. First claim on these limited supplies was given to public utility, police,

CALENDAR OF CANADIAN PRICE CONTROL MEASURES—*(Continued)*

December 13 Wartime Prices and Trade Board vested with responsibility of seeing that War Exchange Conservation tax is not used to increase domestic prices of goods more than justified.

December 27 Maximum prices fixed for butter.

1941

February 20 Priorities Branch established in Department of Munitions and Supply.

April 8 Export Permit Branch set up in Department of Trade and Commerce to centralize control for the issuance of export permits.

April 15 Special Products Board set up to handle and ensure adequate supplies of all agricultural products, other than bacon and dairy products, which United Kingdom may request.

May 1 Maximum butter prices decontrolled.

May 13 Dairy Products Board establishes minimum prices for first grade creamery butter.

May 21 Equipment installation exceeding $5,000, new buildings costing more than $10,000, and all repairs of buildings in excess of $2,500 require permits from Priorities Officers.

May 26 Lumber and millwork retail prices in Canada frozen at level of April 1, 1941, plus sales tax. Manufacturers' and dealers' prices also fixed.

June 8 All orders on books for pig iron cancelled and system of rationing instituted.

June 23 Ban on installation of all new oil-consuming equipment of any kind.

June 27 Cost of living bonus scheme (25-cent increase in weekly wages for every point rise in Cost of Living Index) made mandatory for all war industries.

July 17 Gasoline stations closed 7 P.M. to 7 A.M. and all day Sunday. No more credit cards. Controller asked that non-essential use of gasoline be cut 50 per cent.

August 1 Canadian Shipping Board fixes ceiling on charter rates, paralleling action of U. S. Maritime Commission.

August 5 Sale of sliced bread and bread in more than a single, one-color wrapper prohibited.

August 9 Silk supplies frozen.

August 14 Wartime Prices and Trade Board transferred to the Department of Finance.

August 19 System of lumber priorities instituted.

August 28 Wartime Prices and Trade Board authority extended to cover all prices. Co-ordination between activities of War Industries Control Board and Wartime Prices and Trade Board.

September 8 Passenger auto output in 1942 cut to approximately 44 per cent of 1940 output.

September 12 Maximum prices fixed for hard maple, soft elm, basswood, and shingles.

September 13 Civilian consumption of crude rubber to be cut 10 per cent in October and an additional 5 per cent each month until February; limited after February to 70 per cent of monthly average in year ending May 31, 1941.

September 13 Only two grades of gasoline may be sold in Canada after October 1, 1941.

September 17 Fairmont Co., Ltd., to be sole importer of rubber and responsible for its distribution.

September 22 Tin in cans reduced 10 per cent.

October 1 Curtailment equal to 25 per cent of 1940 output for refrigerators, stoves, washing machines, vacuum cleaners, and radios.

October 11 Control of installment buying.

October 18 General ceiling plan announced for wage rates effective November 15; for prices at first effective November 17 but later postponed to December 1.

October 21 Maximum prices fixed for gasoline and light and heavy fuel oil at October 1, 1941, level.

November 15 Wage rates fixed and cost of living bonus made compulsory (some exceptions).*

December 1 Prices of goods and most services fixed as of September 15-October 11.

December 1 All handlers of foods, feeds, clothing, millinery, footwear, and furs to be licensed.

*According to the *Financial Post* this wage order covers less than 10 per cent of the establishments and 73.5 per cent of the workers.

health, fire, public transportation, and farm vehicles. In October 1941, the quota was 80 per cent of deliveries in October 1940.

By curtailing deliveries, department stores are estimated to have reduced their use of gasoline by about one-fifth.

The output of automobiles was reduced in Canada last April when a decrease of about 20 per cent was ordered. Soon after, the 1942 production of passenger cars was cut to 44 per cent of the 1940 total. There will be 79 types of cars in 1942 as compared with 147 this year. No more than one-tenth of the annual quota can be produced in any one month.

Curtailing Consumption

The production of new model cars has been restricted in Canada since November 1940, when similar limitations were placed on radios, washing machines, typewriters, and other manufactured goods requiring the use of machine tools. At the beginning of October the output of radios, refrigerators, stoves, vacuum cleaners, and electric washing machines was reduced to 75 per cent of the 1940 production. Moreover, this is an initial cut; further reductions are probable in the near future, because of the shortage of materials.

To be prepared for any adverse developments in the Far East, civilian consumption of rubber was reduced 10 per cent in October. It is to be cut an additional 5 per cent each month until next February, when the total monthly reduction will aggregate 30 per cent. Starting February, consumption will be limited to 70 per cent of the monthly average in the year ending May 31, 1941. Any surplus resulting from this reduction is to be accumulated as a stock pile. To facilitate this control, all imports and their domestic distribution are handled by Fairmont Company, Ltd., a government-owned corporation. Restrictions upon the production of white wall tires have been initiated to save rubber and zinc oxide.

Severe curtailments have been necessary in non-ferrous metals; for strictly civilian consumption the proportions available for non-essential uses have been thus reduced:

	1940	1941
Aluminum	27%	2%
Nickel	40%	15%
Zinc	64%	25%
Brass	55%	12%

As has been true in the United States, Great Britain, and Germany, aluminum products have been most adversely affected. In August 1940, the use of primary aluminum was banned in the manufacture of electrical conductors, cooking utensils, and aluminum foil. The prohibition was extended to secondary and scrap aluminum last July. Earlier this year it was estimated that civilian consumption of aluminum had been reduced from 1,000 tons to less than 25 tons monthly.

Many other illustrations of curtailment may be cited. Restrictions have been imposed upon the use of raw silk for civilian goods. The Chemical Controller reduced the supply of chlorine available to the pulp and paper industry after October 6 to 80 per cent of the consumption in the six months ended July 31, 1941. The use of zinc oxides in paints has been curtailed to 50 per cent of the 1940 total; zinc paints cannot be used for non-essential purposes. The construction of apartment houses in non-defense areas is prohibited.

Starting November 1, the use of cellophane is restricted to packing food, candy, drugs, and tobacco. No rolled steel has been available to the manufacturers of cigarette containers since the middle of September and they may manufacture out of inventory only until the end of this year. Copper may no longer be used for roofing and for eaves troughs. The nickel content of certain silverware has been reduced by about one-third since September 1.

The Controllers have restricted many exports to prevent an excessive drain upon home supplies. Export limitations cover iron and steel scrap, machine tools, scrap and slab zinc, copper, lead, and Douglas fir sawlogs. Imports of some goods, including aluminum, rubber, and automobiles have also been controlled.

To utilize available supplies to their maximum effectiveness, the various Controllers have instituted conservation measures and encouraged the use of substitutes. The number of standard structural steel shapes was reduced from 267 to 70 to reduce the delays in production due to changes in the product rolled and to reduce the amount of steel tied up in inventories. The use of wood instead of steel was encouraged in all defense jobs.

By continuing daylight saving time in Quebec and Ontario last year, savings of estimated 189,000 horse-power were effected. In addition, this prevented the peak demand for household electricity from occurring simultaneously with the industrial peak. Other conservation measures have included a reduction of 10 per cent in the tin content of cans for many uses, a limitation upon the number of grades of gasoline sold, and a reduction in the amount of zinc used in many products.

Other Control Agencies

To facilitate the flow of food products to Great Britain under several special agreements, three Boards, Bacon, Dairy Products, and Special Products, have been established. These Boards hold extensive powers: to regulate exports to Great Britain; to require packers, manufacturers, and exporters to ship the quantity and quality needed and to give priority to export trade; to require the storage of designated products; to determine prices to be paid; and to establish licensing systems. The Bacon Board and Dairy Products Board are also empowered to fix minimum prices paid by packers, manufacturers, or any other persons to producers. The Bacon Board can regulate domestic slaughterings. It has limited the slaughtering of hogs for domestic consumption, reducing this about one-third. Since a major proportion of the bacon is exported, the Board exercises a great deal of control over domestic prices through its power to fix export prices.

The export of live hogs and pork to countries other than the United Kingdom and British possessions has been prohibited since July 23. The third British-Canadian Bacon Agreement called for a weekly delivery of about 11,500,000 pounds of bacon in the year starting November 1, 1941.

The Dairy Products Board, which controls all milk products including cheese, butter, evaporated milk, cream, condensed milk, fixed minimum prices for butter last May, a few days after the Wartime Prices and Trade Board rescinded its maximum price order. Under the schedule, the minimum price was increased by one-half cent each month from May until October. Thus, the minimum price in Quebec was 29½ cents a pound in May, 30 cents in June, and finally, 32 cents in October. These monthly increases throughout the production season were designed to obtain market support from those who usually store butter.

To stimulate the production of cheese for export, a bonus of six-tenths of a cent per pound was paid, starting last January. It was subsequently increased to 1 6/10 cents a pound. Additional premiums are paid by the Ontario and Quebec governments. To meet British needs, the entire production of cheddar cheese has been exported since the end of May. The latest contract with Great Britain provides that Canada will ship 112,000,000 pounds of cheese in the year ending March 1942.

The Special Products Board deals with any agricultural products other than dairy and pork products. In April it prohibited, except under license, the cold storage of eggs until June 10 in an effort to curtail speculative buying. A British order for 180,000 cases of eggs, to be shipped by May 31, was expected to "tax the production capacity of Canada."

In addition to these measures affecting farm products, minimum prices have been fixed for wheat throughout the war and this year farmers are being paid a bonus to reduce their acreage of wheat. The prices of apples have also been controlled through governmental subsidies to apple growers, whose export markets for apples were lost soon after the outbreak of the war.

Wage Control

Although price controls initially were selective and applied to particular designated products, wage control has been of a general nature. The policy initiated last December (on an optional basis), and further implemented in July, provided that a general ceiling would be established for wage rates at the level prevailing during the period 1926-1929, or at any higher level after that period. This level was a very favorable one to workers, since, at the time the order was promulgated, the cost of living was about 12 per cent below the average for 1929.

To ensure that the workers' real income was not reduced as a result of price inflation, a wartime cost of living bonus was provided. The affected workers receive a wage increase of 25 cents a week for each rise of one point since the start of the war in the Cost of Living Index prepared by the Dominion Bureau of Statistics. Workers earning less than 50 cents an hour receive 1 per cent of their basic wage rate.

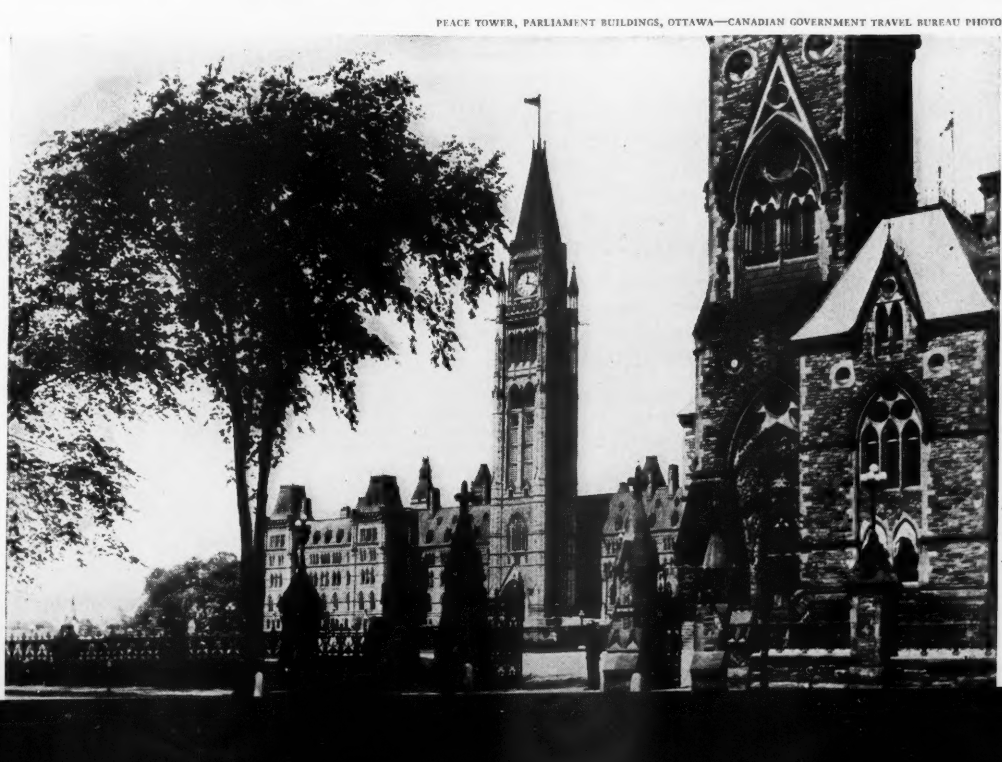
Wage adjustments are made only after the Index has risen as much as 5 per cent since the previous bonus, and only after at least three months elapse. In the event of a 5 per cent decline in the cost of living, the bonus is to be decreased correspondingly. The scheme applies mainly to war industries and leaves wage rates in non-war industries uncontrolled, although an appeal was made to the latter to co-operate voluntarily in the scheme.

The failure to include wages in non-war industries was a weakness. Moreover, according to Prime Minister Mackenzie King "Even in the war industries, because of the increasing scarcity of labor and the absence of penalties for violation, the policy was not completely successful." To overcome these difficulties a National War Labour Board has been set up to administer a general ceiling over wages as part of a comprehensive price ceiling plan announced October 18.

All firms employing 50 or more (except building trades, where the minimum is 10) are now subject to a compulsory cost of living bonus scheme. For each point change in the Cost of Living Index, the bonus remains 25 cents weekly for those receiving $25 or more per week and 1 per cent of the

(Continued on page 46)

PEACE TOWER, PARLIAMENT BUILDINGS, OTTAWA—CANADIAN GOVERNMENT TRAVEL BUREAU PHOTO



NEW YORK AT NIGHT—MONKMEYER PHOTO

SALES MANAGEMENT

During This National Crisis

BURTON BIGELOW
Burton Bigelow Organization

IN these days, when purchasing departments are working day and night to keep an adequate flow of materials coming into the plant or warehouse; when production departments are battling with labor regulations, shortages of trained men, machines, and tools, with unbalanced parts inventories and continuous demands for more and more production; when shipping departments are begging for containers and packing materials, and fighting for freight cars and trucking facilities, with one eye always alert for the fateful Government priority tag on shipments crated and ready to load, many a hard-pressed top executive is also trying to find time to answer this question:

"What is the common-sense course to take with respect to our field selling and sales management group during this period of defense economy?"

There are two rather obvious stock-in-trade answers. One is the short-sighted reply of the opportunist manufacturing mind, "We can't produce all we can sell as it is; let's do away with all selling expense!" The other is the equally ready but narrow-view reply of the wholly sales-minded individual who fails to take into account all of the aspects of the particular problem, aspects which any top executive worthy of the title must, perforce, consider. This latter individual says, "The war will soon be over; keep all sales activities and personnel intact!"

In most defense-affected industries, neither of these extreme but over-simplified courses of action represent the soundest decision. Somewhere between these two extremes is likely to be found the common-sense course.

The astute top executive will not seek a ready-made answer. Even though thinking time is scarce and great problems press for solution, he will view the sales management problem in the light of the facts in his particular company. He will weigh the needs of the present moment against the no-less-important needs of the future; he will estimate the costs of alternative courses of action and against these costs he will forecast, to the best of his judgment, the prospective advantages or disadvantages of each proposed program.

Thus, no sound discussion of this subject can seek to provide ready-made answers to executives' problems. What can be helpful is a thinking outline, a series of questions to expose the problem, and a suggested check-list of possible situations, with alternative courses of action. For the time-pressed president or general manager, this thinking outline may save by providing a road map of alternative routes on which quickly to chart his chosen course.

Basic Classifications

When this question of what to do with sales personnel and sales activities is considered, present-day United States business can be divided quite logically into four broad groups. Two questions control the grouping: Are raw materials available either directly or through priorities permissions? Is the finished product destined for civilian or defense use? The four groups are:

I. Boom businesses with no important shortages of material or supplies. They have practically no problem of priorities. Finished products are destined for civilian use or, where destined for defense use, there is still an ample supply for civilian needs, so that there is no disruption of the civilian market. *Examples:* Many kinds of foods, livestock and poultry feeds, educational training courses. (These are now literally boom businesses).

II. "Fifty-fifty" businesses with normal or substitute material available but

strictly under priorities control. Finished products are destined about 50 per cent to defense use, 50 per cent to civilian markets. Threat of further diversion of both materials and finished goods to defense uses overhangs this group. *Example:* Motor cars.

III. All-out defense business. This group no longer has any important percentage of output destined for civilian uses; practically 100 per cent defense. *Examples:* Aircraft, machine tools, shipbuilding, coke.

IV. Materials-starved businesses. With all raw materials reserved for defense, substitute materials or substitute products become the only hope. No defense manufactures have been obtained. Although a big civilian market is still available, there is nothing to sell because there are no materials for manufacturing. A dramatic example is the aluminum cooking utensil industry.

Before beginning to discuss the problems of each of these four groups of businesses, let us examine the common nature of the questions to which all groups wish to secure answers. With one exception, advertising, these questions all relate to the people, the personnel comprising the entire distributive set-up. These employees are the sales manager; the sales supervisory organization, including the branch, divisional, or district sales managers, and the sales supervisors, that intermediate group of field sales manager operating between top sales management and the salesmen in the field; the distributive outlets—jobbers, wholesalers, brokers, retailers, who act as intermediaries between the eventual buyer and the maker; and finally the company's field salesmen.

Not only are the four groups of businesses interested in the same people, they are interested in asking a fairly uniform set of questions about each of these people. The series boils down to two simple, basic queries.

1. Shall we maintain, abolish, or modify the *status quo* of the sales department personnel and activities?

2. If we do maintain them, to what constructive purpose can we employ them?

In reaching the decisions involved in these queries, a set of important cross-questions must be asked and answered concerning each possible decision. If the tentative decisions to be tested lean toward continuing constructive sales expenses, questions like these need to be asked:

1. What will this course of action cost?

2. What are the probable near-term benefits and advantages of this course of action? What is their cash value?

3. What are the probable long-range benefits?

4. Does the proposed action offer intangible values—such as insurance of good-will or provide quick availability of markets at the end of war?

5. What will this course of action deduct from net profits after taxes?

6. Can the company reasonably well afford the expense?

On the other hand, if the trend of the tentative decisions which it is desired to test is toward eliminating sales expenses (and therefore, the selling function) on a broad scale, then questions like these need to be asked and answered:

1. What will this course of action save, in dollars and cents?

2. How much will it add to net profits after taxes?

3. What other near-term benefits are likely to accrue?

4. What long-range benefits are probable?

5. What long-standing, slow-to-be-built intangible asset values, such as consumer and dealer good-will, and smooth-running organization are likely to be endangered or sacrificed by this action?

6. What will it cost and how long will it take to re-establish this activity or organization after the defense emergency is over?

7. Do competitors' present plans and policies indicate that we will be at a later competitive disadvantage if we take this step now?

8. What is the net difference in net profits after taxes between this course

Constructive Sales Activities During the Present Emergency

Sales Manager

1. Detailed long-range plans for after-the-war selling.
2. "Top-man" contacts with top-flight customers and prospects.
3. Re-evaluation of territory potentials.
4. Re-allocation of territories on after-the-war basis.
5. Re-building prospect and customer lists.
6. Carrying forward any sales betterment which has been delayed due to press of work in normal times.
7. Building future campaigns in blue-print form.
8. Developing improved sales talks.
9. Enlarging knowledge of product uses.
10. Detailed suggestions to top management for improvement in product design, operation, use, and packaging.
11. Detailed suggestions for improved warehousing facilities.
12. Initiating and conducting betterment training
    —in field selling and modern merchandising for salesmen.

Supervisory and Branch Manager Organization

1. Technical advisors to customers, aiding them to get better service out of products.
2. Service and maintenance inspectors.
3. Merchandising advisors to customers.
4. Aiding customers to secure substitute merchandise and locate substitute or replacement sources.
5. Conducting training programs for salesmen, dealers, and customers
    —in selling
    —in merchandising
    —in service, repair, and maintenance work
    —in field sales management for supervisors.
6. Conducting "future managers'" training programs.
7. Making plans for after-the-war sales
    —Re-evaluating local territory potentials.
    —Re-allocating territories.
    —Re-building prospect and customer lists.

Field Salesmen

1. Study merchandising in dealers' stores.
2. Follow products into actual use. Get more application data for future selling.
3. Give dealer and dealer's staff service, repair, and maintenance training.
4. Seek better acquaintance with key customers and dealers.
5. Revamp prospect and customer mailing lists.
6. Help dealers get substitute merchandise and replacement items.
7. Study modern selling to make himself a better salesman.

of action and a substitute course of action involving the maintenance of at least partial sales facilities throughout the emergency?

In other words, if the executive's tentative decision is toward continuing certain sales expenses in order to maintain a certain sales structure or function, to test his decision he asks, "What will it cost and what are the benefits?"

If his tentative decision is to cut sales expenses by eliminating elements of the sales structure and part or all of the selling function, then he needs to test his chosen course with this question, "What will it cost in the future to save this sum now?"

In fact, it will pay to go even farther and test whatever decision is arrived at by a question involving the rule of inversion, "What will it cost not to do it?" No matter which way the tentative decision may trend, answering this question brings out the other side of the issue.

Circumstances which affect these decisions about the sales staff vary in accordance with the problems of the four groups of businesses classified earlier. There is always a possibility, too, that a concern may pass suddenly and unexpectedly from one of these groups to another.

I. Markets Still Available

In this group are enterprises which are enjoying what is literally boom prosperity. Theirs is a problem of expansion, not contraction. The food business and the livestock feed business were mentioned as typical examples.

In these fields the sales manager will be retained, his staff strengthened. There is no need to do otherwise and much reason for pushing sales harder than ever before. The supervisory and branch organization also will be maintained and strengthened.

The drive in these booming businesses will still be to obtain more of the better outlets, to sell them more, and service them better. In the feed business, many new dealers from unrelated lines are being groomed for distributors. Auto dealers and specialty appliance dealers with capital and selling sense are being attracted to this old-as-Egypt business.

Employ more salesmen to serve more dealers and call on more consumers—that is the program, believe it or not, in certain of these defense-accelerated lines. And the circumstances justify this decision.

Regarding advertising, the current decision is to maintain and increase it. New themes, tied to defense thinking, yes, but also intensification of older themes in larger space; more media and more radio time too.

II. Half Defense, Half Normal

The automobile business is a typical example in this group. Half, let's say, of the output goes to defense, half to civilian needs; and the defense percentage is likely to increase.

The larger businesses probably have several sales managers, heading up to a vice-president in charge of sales. Top executives in this group know that the links doomed to suffer most in their chain of distribution are the distributor and the dealer. With expensive showrooms and big fixed overhead, wholesale bankruptcies seem certain to lie ahead for the weaker distributive outlets. In other than automotive lines, this danger is not quite so great.

Top executives, viewing the question of continuing the sales department, may deem it wise to plan their future steps in clear-cut phases: the present; a secondary phase when the dealer is little more than a service organization; and a final phase, which may never arrive, of virtual elimination of the dealer as a sales outlet.

With these possible developments in view, top sales executives with administrative vision will certainly be retained. They will be needed to plan for the dealer's orderly retreat from bankruptcy, to aid him in finding substitute lines and in building up his service and maintenance business.

This may mean eliminating certain product sales managers and keeping

What Should We Do about—

—The Sales Manager?

1. Shall we discharge him?
2. Shall we shift him into another type of work?
3. Shall we replace him with a cheaper man?
4. Shall we keep him in his present capacity?
5. If we keep him, what constructive work shall he do?

—The Sales Supervisory Organization?

1. Shall we discharge them?
2. Shall we shift them into other jobs?
3. Shall we change their duties?
4. Shall we discharge some and keep some?
5. Shall we keep them?
6. If we keep them, what constructive work shall they do?

—Distributive Outlets?

1. Shall we increase them?
2. Shall we elimate them, let them "lapse"?
3. Shall we selectively eliminate, retaining only most desirable?
4. If we retain all or part, can we sell, service, provide substitute merchandise or substitute sources, or merely try to hold goodwill?

—Salesmen?

1. Shall we hire additional men?
2. Shall we discharge them?
3. Shall we discharge part and retain part?
4. Shall we shift them?
5. Shall we change their duties?

—Advertising?

1. Shall we maintain all?
2. Shall we maintain part and drop part?
3. If we maintain, shall we keep theme or change it?
4. Shall we cancel all?
5. Shall we start an advertising program? Or increase our present program?

the top sales executive; or the reverse of this order could prevail, if the product sales manager is the better administrative officer.

In any event, the function of sales management cannot be allowed to cease in this group. It seems logical, therefore, that the top sales manager be retained, although his duties may be altered. Salary adjustments are likely, particularly where bonus and profit-sharing plans have been in effect.

In addition to easing the impact of today's defense economy on the dealer set-up, this sales executive will probably lay careful, long-range plans for future sales development. He may, for instance, train his supervisory group in better management techniques, including not only field aspects of sales management, but also dealer's accounting, warehousing, and detailed management of the dealer's retail establishment.

Supervisory and branch organizations may be trimmed of some frills, both of personnel and duties. This decision, like most others in this group, may have to be adjusted to successive phases of emergency retrenchment.

More frequent get-togethers with top sales management will be needed. An excellent opportunity will be opened to train intermediate sales managers in management techniques for use when the war is over. Such a trained group will be prepared to hire, train, equip, and launch a successful new sales force in record-breaking time.

Many distributive outlets will go out of business due to an insufficient volume of finished products to support the overhead. Others will retrench, take on replacement lines, and develop big service, and maintenance activities.

COAL CARS AT MEADVILLE, PA.—CUSHING PHOTO

The decisions about distributive outlets are likely to be made by force of circumstances rather than by executive choice. "How many can we salvage?" may be the chief question.

It is not likely that the entire sales force will be retained in most companies. How many are to be kept will depend upon individual company policy, profits, and plans for utilizing the sales force constructively in a dealer service and salvaging program. Top-notch salesmen displaying latent management aptitudes should be encouraged to join the supervisor's management training schools, if such are conducted. There is certain to be a shortage of well-trained managers in that hectic after-the-war period. Far-sighted policy suggests that selected field salesmen be given preliminary management training during this emergency.

Advertising volume has already been reduced by companies with much of their production in defense. However, advertising in this group is not likely to be wholly discontinued. Trade-marks and brand names are too valuable for manufacturers to risk complete discontinuance. Themes the advertiser features have changed like the business—to reflect the 50-50 character of production. Half of the advertising is now devoted to an appeal to buy; half to a story of company contributions to defense.

III. All-out Defense

In this group, typical examples are aircraft, machine tools, shipbuilding, coke. These producers have nothing to sell for civilian use, yet are faced with a future in which their huge plants will yawn for something profitable to produce and sell.

Here the sales manager has already been eliminated or shifted. For instance, a large coke company which gave up 90 per cent of its civilian business for a steel contract has only a sales manager and one assistant to handle industrial, gas company, and chemical by-products business. Branch mana-

gers were eliminated a year ago, along with all salesmen.

The sales managers of military aircraft companies are men of a special type, having something less and something more than an ordinary sales manager's duties. This personnel still has work to do, if not sales work, then important contact work.

Among aircraft companies which formerly made planes for the civilian flier, some of the more forward-looking are planning for those perhaps difficult after-the-war days when sales will need to be made. These are keeping their sales managers—whatever their titles now.

The supervisory and branch organization in this business group has been retained and converted largely into service and maintenance supervisors. A good opportunity exists to train these men for heavy field management tasks ahead.

With nothing to sell, no decision is needed about distributive outlets, save to keep in contact now, hoping to have distributor-friends when products are available for sale through them later. The same holds true of salesmen, converted months ago into service and maintenance men, or discharged.

Advertising in 100 per cent defense concerns has been reduced in some cases, although there are many examples of new advertisers coming into the field with brand name advertising of strictly an institutional nature.

IV. No Materials Available

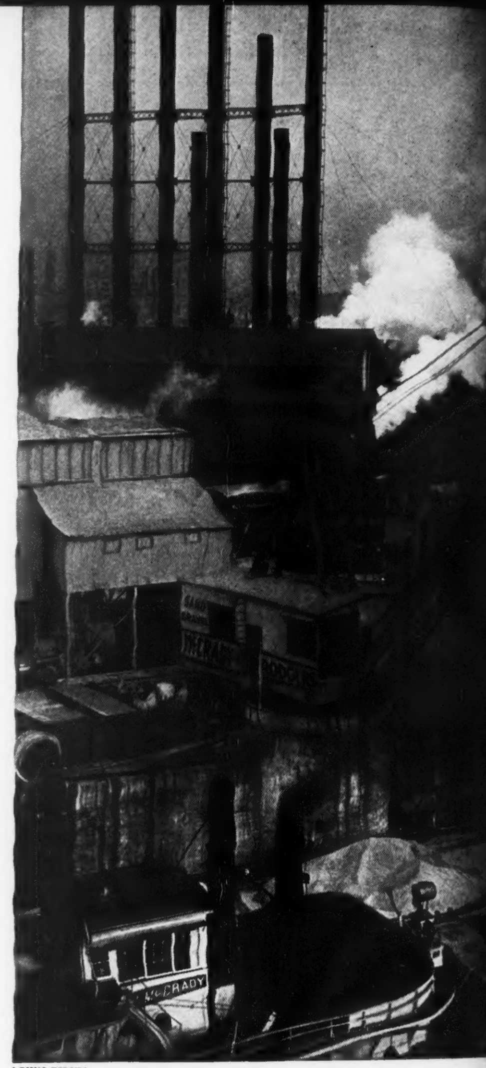
The classic example in this group is an aluminum cooking utensil company with no raw materials, and therefore no products available, but with a large and successful sales organization in the field. This company partially solved its problem by taking on a line of flat silverware. Thus, it is endeavoring to maintain its sales organization, keep alive its trade-mark name and, when aluminum for cooking utensils is again available, to take advantage of the big demand likely to exist.

Naturally, they are retaining the sales manager, their field staff, and as many of their sales force as possible. In the face of one of the most discouraging of current defense adjustments, this company made the transition courageously and successfully.

Alternative Plans

In days like these, all things—social, political, military, and commercial—are subject to rapid and often unplanned-for change. Wise executives plan carefully for more than one eventuality, make their decisions as courageously as ever on the basis of today's facts, but keep themselves on the alert for changes, ready to alter course safely on short notice. This policy applies equally well to solving the problem of what to do with the sales department.

The relentless screw of defense needs is likely to be turned tighter and tighter —if the war continues for long, as it now seems likely to continue. On the other hand, every executive must keep in the background of his thinking the possibility that this war may end suddenly, unexpectedly, leaving him with a huge plant investment, numerous hungry competitors in a similar situation, and without an outlet for even 50 per cent of plant capacities. If an



LEWIS PHOTO

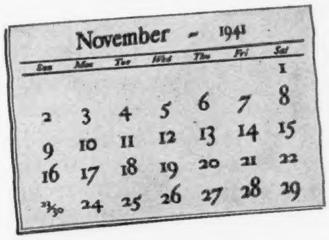
unexpected peace comes, an able sales organization, ready to function on short notice, will be the almost priceless asset.

Between these twin hazards of Scylla and Charybdis, today's top executive must steer his difficult course. Laboratory experiments, engineering and de-

(Continued on page 45)

OPTICAL PRYOMETER AT BROOKLYN TECH—CUSHING PHOTO

The Business Man's Diary



1 *Allocations system for steel industry to be undertaken by OPM.*

3 Production starts in new nylon plant which will bring yarn output to 40 per cent of the needs of the hosiery industry.

5 Special Japanese envoy, Saburo Kurusu, leaves Tokyo for United States to negotiate Pacific differences.

6 Manufacturers of radios and stoves asked by OPA not to advance prices beyond levels prevailing recently. . . . Lease-lend aid totalling $1,000,000,000 pledged to Soviet Russia. . . . Litvinoff named Russian ambassador to United States.

7 *In step toward all-out allocations, SPAB prepares to work out 1942 production programs for defense and non-defense industries.* . . . Railroad unions call strike for December 5, barring award of wage increase amounting to 7½ per cent. . . . Makers of metal office furniture ordered to cut steel use 40 per cent.

8 Agreements between OPA and floor-covering manufacturers stabilize prices until December 15. . . . *Limitation order bars use of cellophane for gift wrappings, cosmetics, soap, etc.*

10 NDMB by vote of 9 to 2 rejects demand of United Mine Workers for closed shop in captive coal mines. . . . Navy Department acts to terminate strike of naval construction workers on West Coast.

11 CIO members of NDMB resign in protest of Board's rejection of union shop in captive mines. . . . In first formal price ceiling on consumers' goods, OPA orders upholstery fabrics held at or below 105 per cent of level quoted September 10.

13 House votes 212 to 194 to amend Neutrality Act to permit arming of merchant vessels. . . . Ceiling prices set on builders' hardware at October 21 levels. . . . Two leading cotton converters curtail operations because of raw materials shortages.

14 *Secretary of Treasury Morgenthau urges cut of $1,000,000,000 a year in appropriations for farm aid, public works, and relief.* . . . *OPM orders all magnesium supplies impounded subject to Federal rationing.*

15 Negotiations over coal mine dispute collapse; CIO executive board supports demand for closed shop; *strike scheduled for November 17.* . . . Paper industry ordered to cut use of chlorine by half, or about 60,000 tons annually.

19 Passenger automobile production in February restricted to 43.9 per cent of output last February.

20 British open land, air, sea offensive against German and Italian positions in Libya.

22 Union accepts President's proposal for arbitration of coal mine strike; 50,000 *striking miners go back to work.*

23 Lease-lend shipments to date exceed $1,000,000,000; first $7,000,000,000 fund *reported completely allocated.*

24 American troops are reported to have moved into Dutch Guiana under an agreement with the Netherlands Government.

26 *Commerce Department* forecasts record-shattering Christmas trade that may exceed $5,000,000,000. . . . House defeats amendment to price control bill that would set over-all ceilings. . . . Power curtailment in South indefinitely postponed. . . . Formula for settlement of Pacific problems presented to Japanese envoys.

27 British Government asks conscription of maximum woman and man power. . . . *OPA postpones price ceiling on furniture as upward trend levels off.*

28 Selective price control bill passes House 224 to 161; compromise measure called "toothless and timorous." . . . *Deleted from original measure are* lower ceilings on farm prices, licensing system for business, OPA authority to buy and sell commodities.

30 President cuts short vacation because of gravity of Far Eastern situation.

HENDERSON CHATS WITH STEAGALL OF HOUSE COMMITTEE ON PRICE CONTROLS—ACME

BRITAIN ENLISTS WOMEN WORKERS IN RECORD WAR OUTPUT—INTERNATIONAL

MINER READS NEWS REPORT OF ENDING OF CAPTIVE COAL MINE STRIKE—ACME

HOBART PHOTO

THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

The declaration of war has suddenly speeded up the transition to war production. Latest reports show that industry was producing in record volume as December opened, that increasing defense production was already at the expense of consumers' goods. Retailers, liberally stocked for Christmas, were reporting a strong start in buying toward the highest volume on record. The price upswing, which had been renewed in November, was given added impetus in early December by the serious turn of events in the Pacific.

INDUSTRY enters December with production activity scheduled at a rate unparalleled in the best previous years on record and with the urge of a declared war to better its achievements. Since mid-year, gains have been little more than seasonal, but in this period of transition to an all-out war effort perhaps more significant than the levelling-off tendency is the evidence that the record pace of operations is being continued despite increasingly troublesome shortages of materials and the curtailment imposed on the consumers' goods industries.

The expansion of war activity has so far more than offset other manufacturing declines. More workers have been absorbed by defense than have lost employment in non-defense lines. In November, before actual war had revised upward all armament figures, the Government estimated an additional 225,000 workers would be required by March 1 and no more than 67,000 laid off by defense industries. The latest report (USBLS) of all non-agricultural employment shows an increase of 3,374,000 persons over October 1940 and of more than 3,000,000 since the peak in 1929.

Such a picture of record over-all production and total employment does not conceal individual maladjustments and dislocations. Certain cities, as well as some industries and groups of workers, the survey published in November DUN'S REVIEW showed, have already suffered severely in the changeover to a war economy.

Since the early Summer, increases in defense production apparently have been at the expense of the consumers' industries. Output for civilian use stopped increasing last June and since then consumers' durable goods production has declined rapidly. The seasonally adjusted production index compiled by the Federal Reserve Bank of New York records a drop of 18 per cent for this category of goods in the four months from June through October. While the indexes of total production and of all durable goods production for October show increases over last year of 18 per cent and 26 per cent respectively, that for consumers' durable goods is 2 per cent lower.

In the automobile industry, a curtailment of 27 per cent below the previous year ordered for the months August through November has been broadened

Industrial Production

Federal Reserve Board Adjusted Index

1935-1939 = 100

	1938	1939	1940	1941
January	85	101	122	140
February	84	101	116	144
March	84	101	113	147
April	82	97	112	144
May	81	98	116	154
June	81	103	[illegible]	159
July	86	105	122	160
August	90	106	124	160
September	93	114	127	162
October	96	121	130	163
November	[illegible]	124	134	
December	101	125	139	

to 48 per cent for December, 51 per cent for January, and 56 per cent for February. Largely because of the decline in automotive and such related lines as tires and tubes, Midwestern cities already report increasing priorities unemployment. Estimating that this will affect 55,000 workers in Detroit by January, 15,000 in Flint, 6,000 each in Grand Rapids and Muskegon, 5,000 each in Lansing and Pontiac, Government agencies have moved to certify some regions so affected for special consideration in defense work.

In a little more than a year and a half, the demands of defense have lowered the automobile industry from the status of the largest individual consumer of steel to the rank of eighth. Automobiles took approximately 17 per cent of all steel tonnage in 1939, only 8 per cent in August of the present year. A poll conducted by *Iron Age* in November covering 2,000 metal firms showed that on average these were then devoting 65 per cent of production to war efforts.

The far-reaching scope of the defense effort is, however, only partially portrayed by reports of current production activity. In November, expenditures for defense totalled $1,437,000,000 compared with a monthly disbursement of less than $200,000,000 at the start of the program in 1940. Yet up to the end of November, total disbursements are

Department Store Sales

Federal Reserve Board Adjusted Index

1923-1925 = 100

	1938	1939	1940	1941
January	90	88	92	101
February	88	88	90	103
March	86	88	89	103
April	83	88	89	104
May	80	87	89	105
June	82	86	91	[illegible]
July	83	87	92	115
August	83	88	98	134
September	85	90	97	116
October	86	92	94	104
November	87	93	100	
December	88	95	101	

estimated to have amounted to less than $14,000,000,000 or only one-fifth of a total authorized program of $64,000,000,000.

The construction of facilities for the further expansion of output, already reaching unprecedented heights, was still far from completed. In the shipbuilding industry the increase in capacity of shipways in two years has amounted to over 5,000,000 gross tons, from 1,000,000 to more than 6,000,000, (National Council of American Shipbuilders). Additions and improvements to plant facilities this year are reported by the Department of Commerce to have raised machinery production to an all-time high of $11,000,000,000, or $4,000,000,000 above the total of 1929. Expenditures for industrial construction, estimated at $1,600,000,000 for the current year, are put at $1,700,000,000 for 1942, although a decline is forecast for total construction expenditures.

In the changeover period, irregularities in manufacturing industry have had a counterpart in trade. Recently the outstanding trend in wholesale markets has been in the shift in buying psychology away from the protective building of inventories toward a more cautious merchandising policy. Fears of shortages have not been changed abruptly into anxiety over surpluses, but a willingness to permit some liquidation of stocks has become more evident among the retail trade. A let-down in demand has been particularly noted in goods which merchants consider reasonably accessible. Several wholesale lines, among them furniture, shoes, and dry goods, reported in November a fairly substantial number of requests for the deferment of delivery.

Despite the tightness in some merchandise lines total inventory stocks were apparently at record highs as the Christmas selling season opened. The latest available figure for department store inventories shows that at the end of October the value of store holdings was 37 per cent greater than in October last year. The FRB adjusted index of stocks was 97 (1923-1925=100) compared with a peak in 1937 of 78 and with a 1929 peak, when prices were a good deal higher than at present, of 102.

A slackening of consumer demand coming after the rush of August and late September served to emphasize the

How's Business?—Briefed from Weekly Figures

Past—Annual Averages: High Year* 1917-1920	1929	Low Year* 1932-1933	Selected Business Indicators	Current Statistics: Recent Week	Preceding Week	One Year Ago	Units for Indicator Figures	"Recent Week" Used
	110	72	Business Activity†	133	130	119	Index, *New York Times*	Nov. 29
43	108	28	Automobiles Produced	93	77	129	Thousand automobiles	Nov. 29
111[18]	103	60	Bituminous Coal Mined	112	85	98	Hundred thousand tons	Nov. 29
97[17]	122	29	Steel Ingots Produced	162	159	157	Ten thousand tons	Dec. 6
	174	149	Electric Power Produced	329	321	293	Ten million K.W. hours	Nov. 29
87[18]	102	54[33]	Total Carloadings	87	80	73	Ten thousand cars	Nov. 29
	111	67[33]	Department Store Sales	168	128	147	Index number	Nov. 29
46	64	27[33]	Bank Debits	55	71	45	Hundred million dollars	Nov. 26
134	169	91[33]	Bank Loans	113	113	91	Hundred million dollars	Nov. 26
55	48	56	Money in Circulation	107	106	86	Hundred million dollars	Dec. 3
124[19]	441	612	Business Failures	203	188	258	Number of failures	Nov. 27
154	95	65	Wholesale Prices	92	92	80	Index number	Nov. 29
100[19]	311	65	Industrial Stock Prices	116	116	114	Index number	Nov. 29

* The high year was 1920 and the low 1932 except as indicated. . . . † Corrected for seasonal variation and long-time trend. . . . Annual averages do not show highs and lows for single weeks. . . . This brief summary "places" recent activities generally in the earlier range, but necessarily fails to define the data, shows rounded figures, and has other limitations. Sources and other information desired will be furnished on request, write The Editors, Dun's Review.

rapid expansion of stocks, discouraging retailers from extending commitments further without more definite signs of the progress of holiday trade. By the third week of November, however, a good start had already been made on gift selling. An early and strong sales upturn in merchandise of this category helped to offset a continued spottiness in seasonal ready-to-wear and other lines affected by the mild weather.

As sales showed increases over last year's good volume that were greater than the rise of prices, the Department of Commerce estimated that Christmas trade might reach $5,500,000,000, a gain of 16 per cent over December 1940 and the highest on record both in dollars and in physical volume.

The upward tendency of prices in most recent months has been stronger in the retail than in the wholesale market. The cost of living lately has gone up at the rate of 1.5 per cent a month. Wholesale price levels actually declined in October but more than made up that drop with a renewed advance in November. Government efforts to control the rise of prices now accounted for 46 maximum price schedules for individual commodities. Legal power to regulate prices still awaited the action of Congress, which was in the process of considering a bill for selective controls by a single Administrator subject to check by a 5-man board of review.

Industrial activity: The steadiness of production at a time when the seasonal trend is downward is estimated to have raised the FRB adjusted index of production to a new record peak of 166 (1935-1939=100) in November. Before the sharp expansion of the war

Factory Payrolls

U.S.B.L.S. Index
1923-1925 = 100

	1938	1939	1940	1941
January	75.4	84.7	99.8	[illegible]
February	77.7	87.1	99.3	126.8
March	77.8	88.8	99.8	131.2
April	75.2	86.8	97.9	134.7
May	73.6	86.3	97.8	144.1
June	71.6	87.9	99.5	152.1
July	71.7	85.8	[illegible]	152.6
August	77.9	91.2	[illegible]	157.8
September	82.3	[illegible]	111.6	163.0
October	85.0	[illegible]	116.2	166.7
November	85.3	103.2	116.4	
December	[illegible]	105.4	122.4	

period the highest point ever reached by this index was 121 in May 1937; the preceding peak had been 114 in July and August of 1929.

Figures now available for October indicate that even this greatly enlarged production did little more than keep pace with the volume of incoming orders. The index of unfilled orders reported by NICB was 528 (1935-1939=100) on October 31, having declined only 2 per cent from August's record level. Manufacturers' inventories, according to NICB, expanded in October for the twenty-fifth consecutive month, the seasonally-adjusted index reaching 154.4, compared with a high in October 1937 of 126.7 and in January 1930 of 112.1.

Consumer income: As both industrial payrolls and farm income soared

Wholesale Commodity Prices

U.S.B.L.S. Index—1926 = 100

Week	Aug. 1941	Sept. 1941	Oct. 1941	Nov. 1941
I	89.2	91.0	91.6	91.6
II	89.6	91.6	91.6	91.7
III	89.6	91.5	91.7	92.3
IV	90.0	91.2	91.2	92.2
V	90.6			

to new peak levels for the war period, national income payments rose again in October. Substantially above the highest level in the 1936-1937 peak, which reached $6,996,000,000 in December 1936, the estimated figure for October also showed a sharp gain over the record $7,435,000,000 for October 1929.

The recent advance in consumers' living costs has raised the NICB index to 91.9 for October (January 1939=100); now somewhat higher than in 1937 when the top figure was 89.2, the index was still substantially below the 1929 peak of 121.1.

Consumer spending: After the slump to 105 in October (1923-1925=100) the FRB index of department store sales recorded an upturn to 115 in November, which was approximately the average level of the index in the four preceding

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

Week	Aug. 1941	Sept. 1941	Oct. 1941	Nov. 1941
I	128.90	[illegible]	126.34	118.92
II	127.73	127.18	123.67	118.83
III	125.56	128.04	120.02	116.42
IV	125.82	126.91	120.69	116.48
V	127.07			115.80

months. Not all indexes of trade show that the volume of spending has now exceeded the peak in 1929. The DUN'S REVIEW more-general index of spending for example, remains moderately below the 1928-1930 highs. But the latest figure of 115 for department store sales is above the 1929 high of 113.

Banking and finance: Business borrowing from banks continued to show expansion through the middle of November. In the week ending November 26, business loans of Federal Reserve reporting banks amounted to $6,602,000,000, all loans to $11,266,000,000. In 1937, the average for the classification of total loans was $9,500,000,000, in 1929 about $17,000,000,000.

Prices: The renewed advance of wholesale prices during November carried the all-commodity index (USBLS) to 92.3 on November 29. Approximately 4 points above the highest level of this index in 1937, the most recent figure was 4 points below the high reached in 1928-1929.

The initial reaction to the outbreak of war December 7 was an accelerated rise in prices. The daily price index of DUN & BRADSTREET, which had increased 3 points in the first week of December, jumped 2 points on December 8 to a new wartime peak of 148.93 (1930-1932=100).

The industrial stock price average (Dow-Jones), which has shown a steady downward trend since July, registered 115.80 in the last week of November and 112.52 on the Monday war was declared. Below even the averages for latest years, this figure contrasted with a high of 192 in 1937, with an average for all of 1929 of 311.

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "Dun's Statistical Review"

Building Permit Values—215 Cities

Geographical Divisions:	October 1941	October 1940	Per Cent Change	September 1941	Per Cent Change
New England	$7,551,731	$9,274,599	— 18.6	$8,020,179	— 5.8
Middle Atlantic	21,015,686	32,405,650	— 35.1	18,859,850	+ 11.4
South Atlantic	14,520,659	17,642,797	— 17.7	17,089,656	— 15.0
East Central	28,390,860	36,017,912	— 21.2	27,993,590	+ 1.4
South Central	13,481,173	11,135,938	+ 21.1	15,186,004	— 11.2
West Central	7,219,108	7,061,250	+ 2.2	7,657,641	— 5.7
Mountain	2,610,893	2,366,726	+ 10.3	3,378,258	— 22.7
Pacific	29,955,398	21,254,433	+ 40.9	21,226,677	+ 41.1
Total U. S.	$124,745,508	$137,159,305	— 9.1	$119,411,855	+ 4.5
New York City	$12,256,790	$17,963,804	— 37.3	$7,884,175	+ 42.8
Outside N. Y. C.	$113,488,718	$119,195,501	— 4.8	$111,527,680	+ 1.8

Bank Clearings—23 U. S. Cities

(Millions of dollars)

	Monthly			Daily Average		
	1941	1940	1939	1941	1940	1939
January	26,155	24,140	23,383	1,005.9	928.5	935.3
February	22,687	20,641	19,885	1,031.2	897.4	903.8
March	27,609	23,681	25,192	1,061.9	910.8	933.0
April	27,105	23,587	21,931	1,042.5	907.2	879.2
May	27,602	24,361	22,374	1,061.6	936.9	860.5
June	28,094	21,838	23,212	1,123.7	873.5	892.8
July	28,483	22,939	21,576	1,095.5	882.3	863.1
August	27,125	21,046	22,782	1,043.3	779.5	843.8
September	27,308	21,083	24,015	1,092.3	878.5	960.6
October	32,283	25,289	22,469	1,241.7	972.7	898.8
November	.....	25,224	22,807	....	1,096.7	991.6
December	.....	27,862	26,827	....	1,114.5	1,073.1
Total	.....	281,691	276,503	....	931.5	919.6

Bank Clearings for Individual Cities

(Thousands of dollars)

	October 1941	October 1940	Per Cent Change	September 1941
Boston	1,453,197	1,127,776	+ 28.9	1,165,372
Philadelphia	2,525,000	1,889,000	+ 33.7	2,171,000
Buffalo	227,859	169,125	+ 34.7	208,711
Pittsburgh	860,570	627,878	+ 37.1	797,319
Cleveland	743,705	534,445	+ 39.2	687,451
Cincinnati	392,800	289,647	+ 35.6	358,264
Baltimore	529,017	392,528	+ 34.8	453,171
Richmond	296,769	237,092	+ 25.2	274,881
Atlanta	460,000	332,600	+ 38.3	373,900
New Orleans	287,216	198,636	+ 44.6	257,737
Chicago	1,877,397	1,479,190	+ 26.9	1,716,293
Detroit	832,895	599,465	+ 38.9	758,708
St. Louis	587,406	436,449	+ 34.6	525,289
Louisville	262,408	178,682	+ 46.9	239,170
Minneapolis	465,430	355,667	+ 30.9	456,609
Kansas City	613,263	462,417	+ 32.6	574,038
Omaha	197,008	155,884	+ 26.4	186,627
Dallas	375,717	289,793	+ 29.7	326,941
Houston	310,499	241,096	+ 28.8	273,876
San Francisco	938,749	711,426	+ 32.0	838,825
Portland, Ore.	264,597	180,802	+ 46.3	221,250
Seattle	287,240	194,756	+ 47.5	271,620
Total 22 Cities	14,788,742	11,084,354	+ 33.4	13,137,052
New York	17,494,213	14,204,912	+ 23.2	14,171,048
Total 23 Cities	32,282,955	25,289,266	+ 27.7	27,308,100

Dun & Bradstreet Wholesale Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use.

1941		1940		1939	
Dec. 2	$3.33	Dec. 3	$2.48	Dec. 5	$2.32
Nov. 25	3.34	Nov. 26	2.46	Nov. 28	2.35
Nov. 18	3.32	Nov. 19	2.44	Nov. 21	2.39
Nov. 11	3.31	Nov. 12	2.43	Nov. 14	2.42
Nov. 4	3.28	Nov. 5	2.39	Nov. 7	2.43
Oct. 28	3.28	Oct. 29	2.34	Oct. 31	2.43
Oct. 21	3.26	Oct. 22	2.33	Oct. 24	2.44
Oct. 14	3.29	Oct. 15	2.33	Oct. 17	2.43

	High		Low	
1941	$3.34	Sept. 9	$2.50	Jan. 7
1940	$2.49	Dec. 10	$2.18	June 18
1939	$2.46	Sept. 19	$2.13	Aug. 15

Dun & Bradstreet Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

	1941			
	Dec.	Nov.	Oct.	Sept.
1	144.61	143.40	146.09	* ....
2	144.74	†	145.98	145.00
3	145.88	143.51	145.56	145.46
4	145.92	*	145.67	145.90
5	147.07	144.06	†	146.43
6	147.16	144.38	145.30	* ....
7	†	144.91	144.93	† ....
8	148.93	144.99	144.33	147.48
9	......	†	143.71	147.91
10	......	144.88	143.72	147.10
11	......	*	143.38	147.70
12	......	144.16	†	147.60
13	......	144.14	*	* ....
14	†	144.33	142.80	† ....
15	......	144.21	142.51	147.11
16	......	†	140.39	146.59
17	......	143.95	140.59	146.79
18	......	144.01	141.50	146.73
19	......	144.18	†	146.07
20	......	*	140.91	* ....
21	†	144.11	141.92	† ....
22	......	144.29	142.21	144.94
23	......	†	142.85	145.05
24	......	143.90	143.28	145.42
25	......	143.62	142.99	145.38
26	......	143.41	†	145.23
27	......	143.72	142.52	* ....
28	†	143.73	142.86	† ....
29	......	144.01	143.19	145.26
30	......	†	143.37	145.59
31	......		143.49	

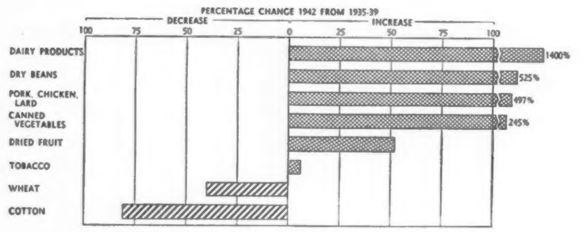
† Sunday. * Markets closed.

	High		Low	
1941	148.93	Dec. 8	123.03	Feb. 17
1940	124.84	Dec. 31	112.42	Aug. 19
1939	124.19	Dec. 18	101.40	July 24

THROUGH THE STATISTICIAN'S EYES

ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD

Record Farm Output with Parity Prices



Index of Buying Power of Farm Products—*1909-1914 = 100—Yearly 1910-1940; Monthly January 1940-October 1941—U. S. Department of Agriculture—For the first time in 21 years farm income has attained the long-sought "parity" with city income.*

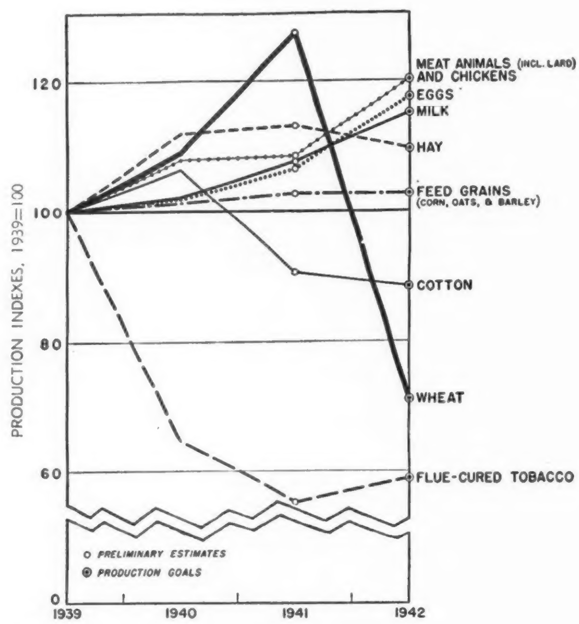
A record production program and the highest purchasing power in twenty-one years spell increasing prosperity for farmers in 1942. Greatly expanded domestic demand resulting from the highest national income level in history, in addition to large foreign needs to be supplied through lend-lease aid caused the U. S. Department of Agriculture to raise its production sights to new highs and plan an overall output 3 per cent larger than 1941. Peak output is to be encouraged by "parity" or better prices.

The character of export needs is changing significantly the pattern of agricultural output, as evident in the accompanying charts. Production of dairy products, meats, and poultry is to be expanded, as well as certain other products such as peanuts and turpentine. Crop production is to be cut 10 per cent, largely due to a 44 per cent slash in wheat, of which we have a two-year supply. Limited foreign demand and large stocks also keep production goals for cotton and tobacco at lower levels.

The expected expansion in export requirements is dominated by British needs (Great Britain is scheduled to get about three-quarters of all our agricultural exports). Volume of farm produce sent abroad in 1942 will double 1941 totals, it is estimated, and be the largest for any year since the twenties, after slumping to a 74-year low in early 1941 before the enactment of the lend-lease law.

British dependence on overseas sources for large supplies of food and feed to support her livestock industry is well known. In pre-war years, the United Kingdom produced only 13 per cent of the cereals consumed, 50 per cent of the meat, 25 per cent of the fruit and sugar, 80 per cent of the dairy products, none of the tea, coffee, or cocoa, the U. S. Department of Commerce reports. Only in output of fish and several fresh vegetables was she practically self-sufficient. With continental dairy and livestock markets eliminated as supply sources, and imports of bulky livestock feeds reduced to make way for war materials, a pressing need has developed for many foodstuffs.

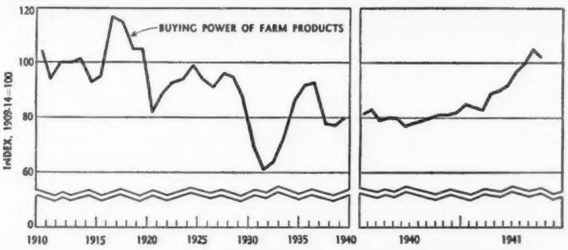
Through August $433,000,000 of lend-lease funds were allocated for agricultural products, of which 60 per cent went for meats (principally pork), dairy products, eggs, lard, fats, and oils. Another 20 per cent bought fruits and vegetables; only 3 per cent was to be spent for grains. In accord with Great Britain's deficiencies and ability to obtain supplies elsewhere, our present export goals are re-



Production Indexes of Selected Farm Crops—*1939 = 100—1939-1942—U. S. Department of Agriculture—Chart adapted from "Survey of Current Business"—Record production in 1942 to supply expanded domestic and export requirements will be obtained largely through increased dairy, livestock, and poultry output.*

flected in the chart showing U. S. exports of meats, dairy products, dry beans, and canned vegetables vastly increased from pre-war levels, while the big export crops of wheat and cotton remain at greatly depressed levels.

To stimulate agricultural production to new records, the Government is guaranteeing farmers high prices. A bill now in Congress assures at least 110 per cent of parity, and often more for important crops. The dream of "parity" prices became a reality to the farmer this Fall for the first time in twenty-one years when the index of buying power of farm produce reached 105 in September, compared with 81 last year. The index is the ratio of prices received by



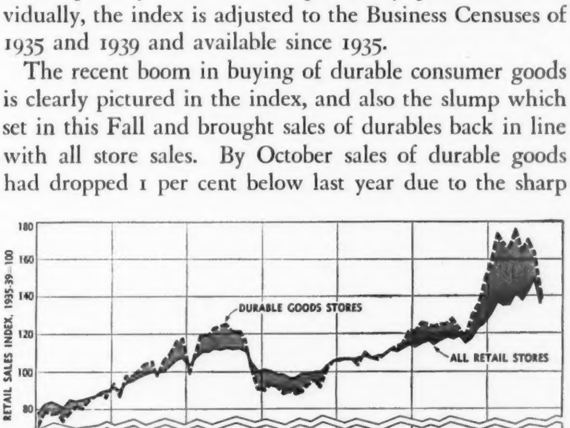
PERCENTAGE CHANGE IN U. S. EXPORTS OF SELECTED FARM PRODUCTS—*1935-1939-1942—U. S. Department of Agriculture—Exceptional increase in exports of meats, eggs, dairy, and canned produce reflect lend-lease needs. Three-fourths of our farm exports are scheduled for England in 1942.*

farmers to prices paid, related to the base period 1909-1914. Statistically, "parity" is reached when the index is at 100. Farm prices in 1941 were 25 per cent higher than in 1940, and the U. S. Bureau of Agricultural Economics estimates that another 25 per cent rise expected in 1942 will maintain farm purchasing power at parity levels.

New Retail Sales Index

A VALUABLE addition to current measures of retail trade activity is the new comprehensive index of sales of all retail stores initiated recently by the U. S. Department of Commerce. For the first time group indexes are presented for different types of businesses, including stores selling durable and non-durable goods, foods, apparel, building material and hardware, household furnishings, automotive equipment, drugs, and general merchandise, as well as eating and drinking places and filling stations. Based upon reports from independent retailers in 34 States, the Federal Reserve Board index of department store sales, variety, drug and other specialty store indexes previously published individually, the index is adjusted to the Business Censuses of 1935 and 1939 and available since 1935.

The recent boom in buying of durable consumer goods is clearly pictured in the index, and also the slump which set in this Fall and brought sales of durables back in line with all store sales. By October sales of durable goods had dropped 1 per cent below last year due to the sharp decline in automotive volume. As consumer interest shifted to soft goods, the durables index at 128.3 was 4 points lower than that for non-durables for the first time in two years.

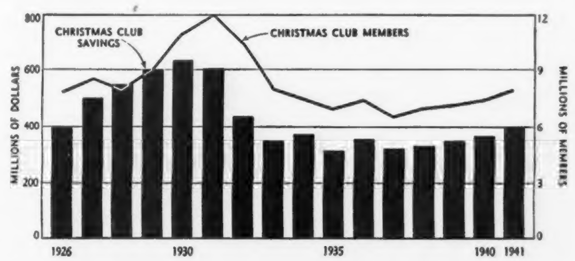


INDEX OF DOLLAR VALUE OF SALES OF ALL RETAIL STORES, SEASONALLY ADJUSTED—*1935-September 1941—U. S. Department of Commerce—The new index presents for the first time group indexes for different types of retail businesses. The recent buying boom carried the consumers' durable goods index to 175; high for the general index was 150.*

Representing purchases in retail stores, which account for about two-thirds of all consumer expenditures, the index is but one phase of the study to evolve a monthly index of total consumer expenditures, now under way at the U. S. Department of Commerce.

Christmas Club Savings

IF SANTA CLAUS depended on Christmas Club savings as a source of all his cheer spending would be nearer depression levels than boom-time highs this year. However record income payments assure a very merry Christmas even though Christmas Club savings are 37 per cent below the 1930 high.



NUMBER AND VALUE OF CHRISTMAS CLUB SAVINGS ACCOUNTS—*1926-1941—Christmas Club, Inc.—Savings in 1941 remained 37 per cent below the 1930 peak, although increasing 10 per cent over 1940.*

Since club members signed up in 1940 for the savings made this year, wage increases during 1941 are not reflected in this season's checks. Total savings for 1941 reached $400,000,000, were 10 per cent greater than 1940, and largest since 1932, reports Christmas Club, Inc. The average withdrawal was $48.50, same as last year but much smaller than the $59 accounts of 1928 and 1929.

Christmas Club savings have lagged consistently behind income payments. Peak year for Christmas Clubs was 1930 for which members had signed up in 1929. On the other hand, the depression low for Christmas Clubs came in 1935, although the business depression bottom was 1933. Closing and consolidation of banks during the early thirties, which reduced the number of institutions using the plan, has been an important factor in keeping total membership and savings well below former peaks, according to Christmas Club, Inc.

Spending for the holiday celebration takes only 34 per cent of all the money saved. Another 37 per cent is laid aside for routine expenses such as taxes, insurance premiums, and year-end bills. About 25 per cent is transferred to permanent savings accounts. Education, travel, and charity absorb the remaining 4 per cent.

THE REGIONAL TRADE BAROMETERS

Trends in consumer purchasing in the 29 barometer regions are summarized on the opposite page. Charts on this page and pages 34, 36, and 37 compare the index for each region with the index for the United States since 1939. The accompanying paragraphs give more recent detail about regional trade conditions.

Indexes may be obtained in advance of their publication in DUN'S REVIEW by arrangement with the editor. Additional information about the barometers and about their especial usefulness in regional sales quota work, back figures and data on regional boundaries are available for users of the indexes.

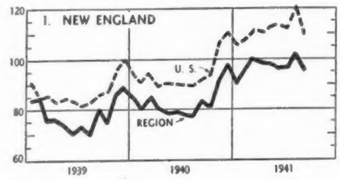
1. NEW ENGLAND

SEPT., 95.5 AUG., 102.2 SEPT. 1940, 82.9

UNADJUSTED: SEPT., 90.8; AUG., 89.5

OCTOBER—Percentage retail trade increases over previous October: Bangor 13, Portland 20, Boston 5, New Bedford–New Haven 10, Springfield 11, Worcester 8, Providence 6, Hartford 7. New England wholesale trade up 27%. September farm income 27% above last year. Massachusetts employment best in 20 years. Production 25% above 1940. Value of building permits 19% below last year. Large Fall River textile mill shut for liquidation. NOVEMBER—Waterbury brass factories on 4-day week due to priorities. About 75% of Worcester factories have defense work. Department store sales 10% above 1940. Connecticut hiring 4,500 machinery workers from September-February.

ADJUSTED FOR SEASONAL VARIATION; 1928-32=100

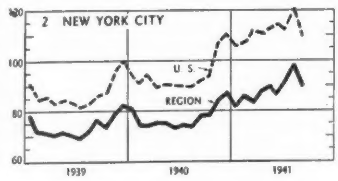


2. NEW YORK CITY

SEPT., 90.3 AUG., 97.8 SEPT. 1940, 78.2

UNADJUSTED: SEPT., 94.5; AUG., 84.3

OCTOBER—Percentage retail trade increases over previous October: Bridgeport 0, New York City department store sales 0, hotel sales 2. Payrolls and production steady to increased in month. Metal working, aircraft and heavy defense industries expanded working forces and offset seasonal employment losses in millinery, clothing. New York City factory payrolls 38% above 1940, retail stores 7%, wholesale concerns 8%. Collections steady to better than 1940. NOVEMBER—Sales of garment manufacturers increased, 14% above last year. Cotton fabric sales improved, rayon sales fair, woolen slower than last month. Merchandise deliveries even, bank clearings up 5% over 1940.

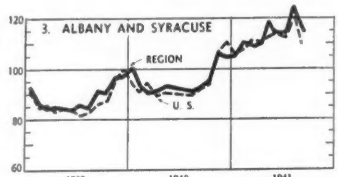


3. ALBANY AND SYRACUSE

SEPT., 114.5 AUG., 124.5 SEPT. 1940, 93.3

UNADJUSTED: SEPT., 116.1; AUG., 119.3

OCTOBER—Percentage retail trade increases over previous October: Albany 35, Binghamton 15, Utica 9, Syracuse 19. Wholesale trade increases: Albany 30, Syracuse 19. September farm income 41% above last year. Milk output better than 1940. Production and payrolls up in month, 77% above 1940 in Utica, 54% in Binghamton area. Employment substantially increased in firearms, electrical, and railroad equipment lines. Textile mills curtailed working forces. Collections better than 1940. NOVEMBER—Shoe factories, business machine plants in Binghamton continue at capacity. Many Gloversville glove factories on part-time. Syracuse bank clearings 10% above 1940.

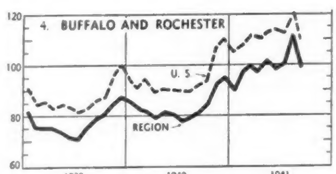


4. BUFFALO AND ROCHESTER

SEPT., 99.1 AUG., 111.9 SEPT. 1940, 81.2

UNADJUSTED: SEPT., 103.5; AUG., 105.3

OCTOBER—Percentage retail trade increases over previous October: Buffalo 10, Elmira 35, Rochester 12, Niagara Falls 25. Buffalo wholesale trade up 10%. Milk output better than 1940. Crop yields generally good. Farm income for New York first 9 months 16% above 1940. Factory employment steady in Buffalo, off slightly in Rochester due to seasonal losses at canning, textile, clothing firms; 25% above 1940 in Rochester, 33% in Buffalo. Collections better than 1940. NOVEMBER—Buffalo department store sales 24% above 1940, Rochester 16%. Blasdell steel sheet mill employing 400 to 500 workers shut down; workers being absorbed in other plants.

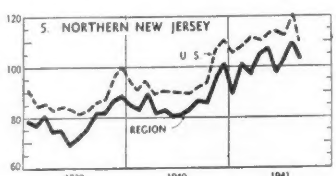


5. NORTHERN NEW JERSEY

SEPT., 102.6 AUG., 109.5 SEPT. 1940, 87.2

UNADJUSTED: SEPT., 105.1; AUG., 98.1

OCTOBER—Newark retail trade 9% larger than in previous October, up 15% in month. Newark wholesale trade 20% ahead of 1940. Crop yields fair, farm income much above last year. Production substantially above 1940, steady in the month. Aircraft, shipbuilding, machinery, other defense industries operating at capacity. Bank clearings up 28% over 1940 in Northern New Jersey as a whole, 22% in Newark alone, 4% in the Oranges. Collections steady to better than 1940. NOVEMBER—Newark department store sales up 7% over 1940. Manufacturing activity increased 10 to 15% from October. Defense industries in New Jersey hiring 16,000 from September-February.

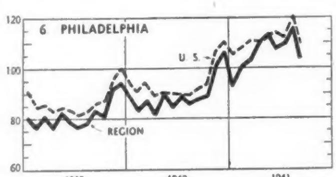


6. PHILADELPHIA

SEPT., 103.9 AUG., 114.9* SEPT. 1940, 87.6

*UNADJUSTED: SEPT., 96.9; AUG., 96.7**

OCTOBER—Percentage retail trade increases over previous October: Trenton–York 12, Allentown–Wilmington 5, Philadelphia 3, Reading–Scranton–Wilkes-Barre–Williamsport 10, Harrisburg 0, Lancaster 7. Philadelphia wholesale trade up 40%. Crop yields generally good. Pennsylvania farm income 26% above 1940 in September. Payrolls and production generally steady to up in month, down in Wilkes-Barre and Trenton, because of priorities unemployment. Silk hosiery employment 12% below 1940. Collections vary. NOVEMBER—Meadville TNT plant construction will employ 10,000. Philadelphia department store sales 22% above 1940. *Revised.



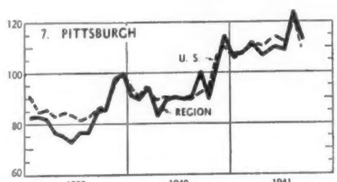
7. PITTSBURGH

SEPT., 113.3 AUG., 122.6 SEPT. 1940, 100.1

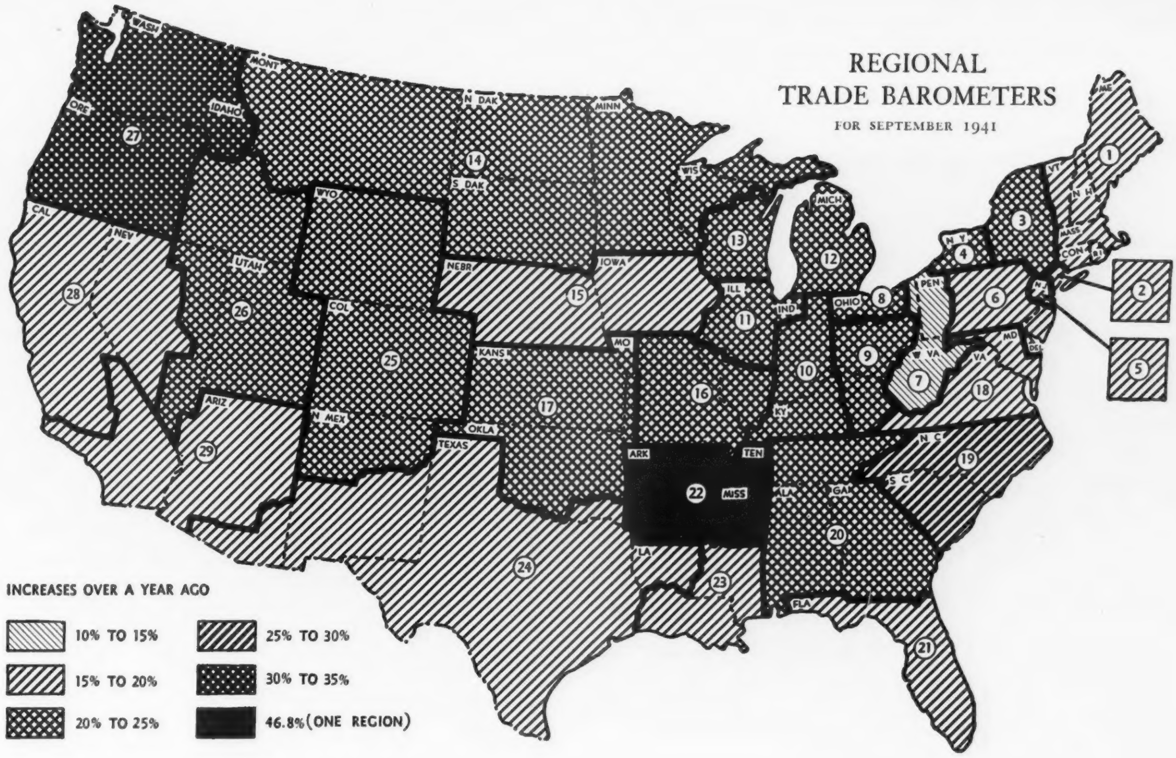
UNADJUSTED: SEPT., 106.8; AUG., 108.1

OCTOBER—Percentage retail trade increases over previous October: Erie 30, Charleston 20, Pittsburgh–Youngstown 10, Huntington 6. Wholesale trade increases: Erie 25, Pittsburgh 13, Charleston 25. West Virginia farm income 3%

(Continued directly opposite)



above 1940 in September. Production well above 1940; Pittsburgh employment up 21%, Erie 37%; hard coal output 12%, pig iron 10%, steel 7%; plate glass production off 12%, specialty glass output also declining, but container output remains heavy. Collections better than 1940. NOVEMBER—Pittsburgh department store sales 20% above 1940. Steel output slowed by scrap and coal shortages.



CONSUMER BUYING AT YEAR'S PEAK

The adjusted index dropped to 106.8 in October from 109.9 in September; November estimates indicate increase. Barometer figures are compiled by L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information is reported by the branch offices of DUN & BRADSTREET, INC.

RETAIL spending, already near the best level in history, grew closer to the 1929 peak in November and early December as the approaching holiday season boosted dollar volume to new highs for the year. Colder weather, early Christmas buying, and Fall clearances gave an impetus to retail volume which had been lacking for several weeks. The considerably faster tempo of spending lifted sales expansion beyond usual seasonal levels in contrast to the less-than-seasonal rise in the two preceding months.

Despite a sharp upturn in trade at this time last year, trade increases over 1940 widened somewhat in November and early December from the 13 per cent gain chalked up by the preliminary U. S. Trade Barometer in October, which dropped to 106.8. Unit volume continued to run ahead of 1940 by a narrow margin, as price rises of from 8 to 15 per cent were responsible for a large part of the gain.

Mild weather continued a deterrent to sales of Winter apparel and left merchants with comparatively heavy stocks of Fall merchandise. Promotional activity increased as clearances appeared in mid-November. Sale prices however were at least as high as last year.

The opening of Christmas gift purchasing emphasized the gradual shift in demand from hard to soft goods. Ready-to-wear, accessories, small housewares, draperies, lamps, dinnerware, and toys won the spotlight from higher-priced durables. Increased cash and charge account buying relative to installment purchasing accompanied the change in demand.

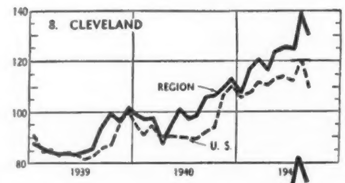
Stimulated by record sales in rural areas the South regained during November and early December the leadership in trade gains lost earlier in the Fall. The highest farm purchasing power in twenty-one years (see page 30) has kept rural sales gains throughout the country above general trade increases this season. Consumer buying also

ADJUSTED FOR SEASONAL VARIATION; 1928-32=100

8. Cleveland

SEPT., 130.9 AUG., 139.2 SEPT. 1940, 106.0
UNADJUSTED: SEPT., 129.6; AUG., 121.1

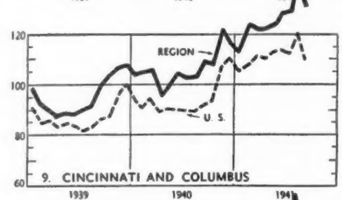
October—Percentage retail trade increases over previous October: Cleveland 10, Akron 14, Canton 42, Toledo 23, Lima 22. Wholesale trade increases: Cleveland 40, Akron–Toledo 15. September Ohio farm income 35% above 1940. Payrolls and production well above a year ago, steady in month. Two new aircraft parts plants in Akron to start production before year-end; synthetic rubber plant already operating. Arms contracts to durable consumer goods plants in cities such as Mansfield, Cleveland, Toledo relieving priorities curtailment. Collections better than 1940. November—Cleveland department store sales 20% above 1940, Akron 33%.



9. Cincinnati and Columbus

SEPT., 130.9 AUG., 140.8 SEPT. 1940, 108.9
UNADJUSTED: SEPT., 120.4; AUG., 119.7

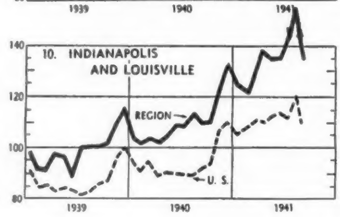
October—Percentage retail trade increases over previous October: Cincinnati–Dayton 10, Springfield 25, Columbus–Zanesville 5. Wholesale trade increases: Cincinnati 25, Columbus 30. Ohio State farm income 21% above 1940 in first nine months. Crop yields good. Payrolls and production much better than 1940; generally steady in month, down in Springfield due to strikes. Zanesville leading industries operating near capacity. Collections steady to better than 1940. November—Machine tool, heavy industries operating at peak levels. Arms depot to be built at Richmond, Ky. Cincinnati department store sales 13% above a year ago, Columbus 6%.



10. Indianapolis and Louisville

SEPT., 134.6 AUG., 154.4 SEPT. 1940, 110.0
UNADJUSTED: SEPT., 137.7; AUG., 130.5

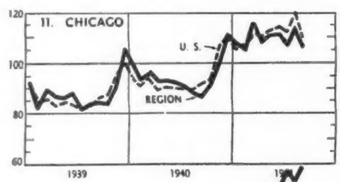
October—Percentage retail trade increases over previous October: Louisville 25, Evansville 5, Indianapolis 13, Terre Haute 0, Fort Wayne 20. Wholesale trade increases: Louisville 35, Indianapolis 30. Record milk, egg output. September farm income 45 to 55% above 1940. Payrolls and production much higher than last year; lower in month in Fort Wayne, Evansville due to priorities. Coal output 48% above 1940. Collections steady to better than 1940. November—Vermillion County to get powder plant employing 3,400 when finished. Evansville factories received $1,300,000 defense orders since October. Retail trade up 20% in Louisville, 10% in Indianapolis.



11. Chicago

SEPT., 105.5 AUG., 114.7* SEPT. 1940, 86.4
*UNADJUSTED: SEPT., 105.3; AUG., 102.3**

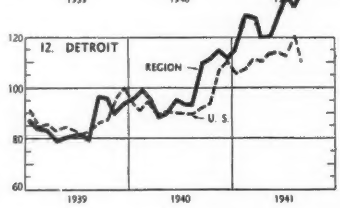
October—Percentage retail trade increases over previous October: Chicago 6, Rockford 14, Peoria 5, South Bend 25, Springfield 5. Chicago wholesale trade up 25%. Heavy rainfall delayed harvesting of large corn crop. Milk output better than 1940. Illinois employment and payrolls record for month, 22% and 44% above last year. South Bend employment 24% above last year, off 3% in month. Heavy industries with defense work very active. Collections steady to better than 1940. November—Chicago department store sales 7% above 1940. Record attendance at Furniture Mart. Steel operations decreased somewhat. Illinois defense industries hiring 10,000 from September-February. *Revised.



12. Detroit

SEPT., 136.7 AUG., 132.9* SEPT. 1940, 109.6
*UNADJUSTED: SEPT., 134.0; AUG., 109.0**

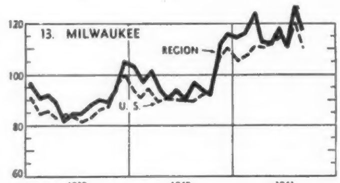
October—Percentage retail trade increases over previous October: Detroit 10, Grand Rapids 2, Saginaw 15. Wholesale trade increases: Detroit 26, Grand Rapids 12. September farm income 32% above 1940. Employment 5% above 1940, payrolls up 15%, increased in month. Employment in automobile and tire factories 10% below 1940, iron and steel up 19%. Aircraft factories hiring 8,000 from September-February. Collections better than 1940. November—Priorities unemployment by January it is said will affect 55,000 in Detroit, Flint, 15,000, Grand Rapids 6,000, Lansing 5,000, Muskegon 6,000, Pontiac 5,000. Detroit department store sales 16% above 1940. *Revised.



13. Milwaukee

SEPT., 117.4 AUG., 128.2* SEPT. 1940, 94.1
*UNADJUSTED: SEPT., 117.4; AUG., 113.1**

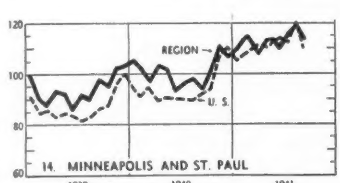
October—Percentage retail trade increases over previous October: Milwaukee 20, Madison 2, Green Bay 21. Milwaukee wholesale trade up 20%. Milk output above last year, pasturage good. September farm income 38% above 1940. Payrolls and production substantially better than 1940, steady in month. Green Bay paper mills on 6½-day week; three small metal plants cut production considerably due to priorities. Collections better than 1940. November—Milwaukee leading industries operating near capacity; department store sales 19% above 1940. Powder plant employing 10,000 to be built near Merrimac. Wisconsin defense plants hiring 5,000 from September-February. *Revised.



14. Minneapolis and St. Paul

SEPT., 113.5 AUG., 119.7 SEPT. 1940, 94.1
UNADJUSTED: SEPT., 122.7; AUG., 117.7

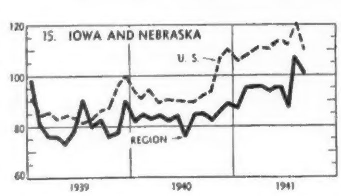
October—Percentage retail trade increases over previous October: Duluth 5, Minneapolis 19, St. Paul 18, LaCrosse 12, Fargo 10, Sioux Falls 13, Billings 0; Butte off 4, Great Falls off 6. Wholesale trade increases: Duluth 15, Minneapolis 20, Great Falls 10. Weather favorable for sugar-beet harvest. Payrolls and production generally above last year, down in month in St. Paul due to scarcity of materials. Butte miners' wages increased 75 cents a day. Collections steady to better than 1940. November—Large ordnance plant being built in Minneapolis. St. Paul retail trade 20% above 1940. Livestock conditions and prices very good.



15. Iowa and Nebraska

SEPT., 100.7 AUG., 107.3 SEPT. 1940, 84.7
UNADJUSTED: SEPT., 101.2· AUG., 92.2

October—Percentage retail trade increases over previous October: Burlington 20, Cedar Rapids 10, Davenport 5, Waterloo 0, Des Moines 13, Lincoln 3, Omaha 12; Dubuque–Sioux City off 5. Wholesale trade increases: Sioux City 7, Des Moines 13, Omaha 15. Heavy rainfall delayed corn harvest; yield well above average. September farm income 51% above 1940 in Iowa, 15% in Nebraska. Payrolls and production above 1940; lower in month in Dubuque as sash and door mills curtailed output due to building priorities. Collections steady to better than 1940. November—Nebraska department store sales 7% above 1940.



made outstanding increases over last year in the Midwest, Pacific Coast and many sections of the Southwest, although trade tended to lag in the Kansas City area. Eastern regions again reported the smallest gains over 1940, continuing the pattern evident in detail in the seasonally adjusted trade barometers for twenty-nine regions now available for September. Aside from upper New York State and the Philadelphia region, trade increases were below the national average in September.

Of the twenty-three regions which bettered the national increase of 17 per cent over 1940 in September, star performer was the Memphis area which recorded the widest gain made this year in any region—47 per cent. Portland and Seattle followed with an increase of 31 per cent, the Carolinas with 27 per cent.

Although the seasonally adjusted U. S. Trade Barometer declined almost 9 per cent from the high August level, indexes for the Detroit and Memphis regions advanced in the month. Sixteen additional areas reported smaller declines than the national decrease.

(Charts and trade reports for each region begin on page 32)

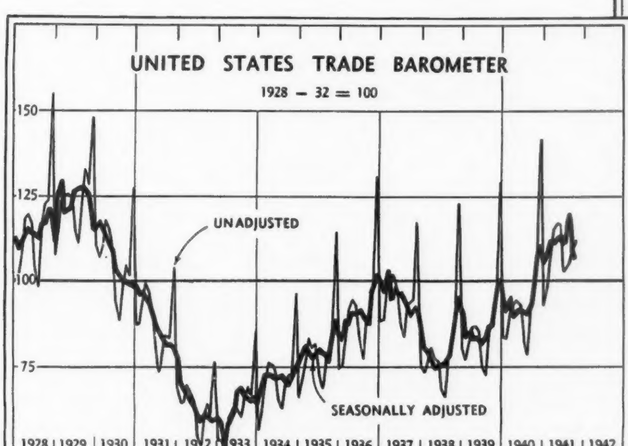
THE MAP AND CHART compare the September, 1941, indexes with those for the same month a year ago. The column at the extreme right of the chart indicates the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions are charted, with U. S., from 1939, on pages 32, 34, 36, 37. They are composites based on bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising linage (*Editor and Publisher*), which made those indexes more accurate, are included. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The average for the five years 1928-1932 equals 100. The preliminary figure for the United States is computed one month before regional figures are available.

THE PARAGRAPHS which are printed opposite the twenty-nine regional charts give figures for October and November based upon opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Estimates of employment changes due to the defense program are from Government sources.

REGIONAL TRADE BAROMETERS

Region	Sept. 1941 Regional Index	Sept. 1941 Compared with Sept. 1940 (%)	Retail 1935 Sales %
U. S.	109.9	+18.8	100.0
1. NEW ENGLAND	95.5	+15.2	7.8
2. NEW YORK CITY	90.3	+15.5	10.3
3. ALBANY AND SYRACUSE	114.5	+22.7	2.5
4. BUFFALO AND ROCHESTER	99.1	+22.0	1.9
5. NORTHERN NEW JERSEY	102.6	+17.7	2.9
6. PHILADELPHIA	103.9	+18.6	6.2
7. PITTSBURGH	113.3	+13.2	3.7
8. CLEVELAND	130.9	+23.5	2.9
9. CINCINNATI AND COLUMBUS	130.9	+20.2	3.1
10. INDIANAPOLIS AND LOUISVILLE	134.6	+22.4	2.6
11. CHICAGO	105.5	+22.1	6.4
12. DETROIT	136.7	+24.7	4.0
13. MILWAUKEE	117.4	+24.8	2.2
14. MINNEAPOLIS AND ST. PAUL	113.5	+20.6	4.5
15. IOWA AND NEBRASKA	100.7	+18.9	3.0
16. ST. LOUIS	106.9	+24.2	2.5
17. KANSAS CITY	106.6	+21.7	3.6
18. MARYLAND AND VIRGINIA	139.2	+18.6	3.8
19. NORTH AND SOUTH CAROLINA	143.4	+27.2	2.1
20. ATLANTA AND BIRMINGHAM	156.2	+21.1	3.5
21. FLORIDA	169.7	+17.4	1.3
22. MEMPHIS	142.7	+46.8	1.5
23. NEW ORLEANS	126.7	+17.9	1.0
24. TEXAS	135.8	+19.3	4.5
25. DENVER	125.7	+22.8	1.3
26. SALT LAKE CITY	119.1	+22.0	.8
27. PORTLAND AND SEATTLE	122.7	+30.9	2.7
28. SAN FRANCISCO	105.8	+16.8	3.4
29. LOS ANGELES	104.9	+16.6	3.9



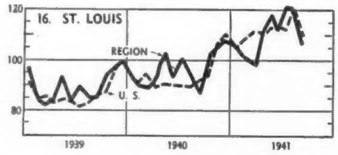
ADJUSTED FOR SEASONAL VARIATION: 1928–32 = 100

16. St. Louis

SEPT., 106.9 AUG., 120.5 SEPT. 1940, 86.1

UNADJUSTED: SEPT., 109.5; AUG., 106.5

October—Percentage retail trade increases over previous October: St. Louis 15, Springfield 3, Quincy 20. St. Louis wholesale trade up 20%. Soybean, corn, pear crops below 1940, cotton, grapes, potatoes above. Missouri farm income 63% above 1940. Payrolls and production well ahead of last year, steady to up in month. St. Louis building permit value 76% above 1940 in October, 27% for 10 months. Collections steady to better than 1940. November—St. Louis department store sales 20% above last year. About 7,000 auto workers are said to face lay-offs by January. Missouri defense industries hiring 17,000 from September-February.

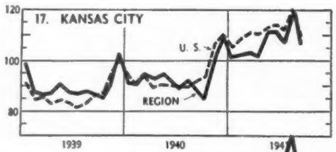


17. Kansas City

SEPT., 106.6 AUG., 119.2 SEPT. 1940, 87.6

UNADJUSTED: SEPT., 111.4; AUG., 107.4

October—Percentage retail trade increases over previous October: Kansas City 10, St. Joseph 0, Topeka 8, Wichita 25, Oklahoma City 5, Tulsa 12. Wholesale trade increases: Kansas City 12, Oklahoma City 10. Heavy rains, floods, retarded corn harvest, wheat planting. Cotton yield above last year. Payrolls and production steady to better than 1940. An estimated 3,500 workers have left St. Joseph this year for defense jobs. Oil output increased. Collections vary. November—About 4,000 auto workers in Kansas City said to face lay-offs by January. Kansas City department store sales 10% above 1940, Oklahoma City 6%, Tulsa 13%, St. Joseph 6%.

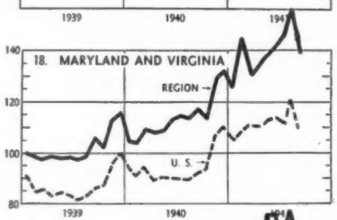


18. Maryland and Virginia

SEPT., 139.2 AUG., 155.8 SEPT. 1940, 117.4

UNADJUSTED: SEPT., 134.7; AUG., 131.8

October—Percentage retail trade increases over previous October: Baltimore–Richmond 10, Washington 11, Norfolk 20, Lynchburg 6, Roanoke 16, Bristol 0. Wholesale trade increases: Baltimore 10, Norfolk–Richmond 25. Peanut, potato, grape, tobacco yields below 1940, apple above. Payrolls and production well above 1940; Virginia cotton consumption up 43%. Record cigarette output; shipyards, lumber mills near-record. Paper mills at capacity. Collections steady to better than 1940. November—Maryland hiring 17,900 aircraft workers, 5,000 shipyard workers from September-February. Baltimore bank clearings 20% above 1940, Richmond 17%.

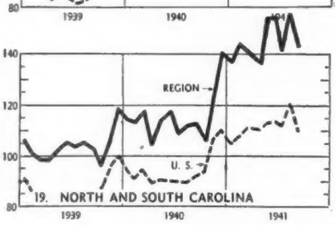


19. North and South Carolina

SEPT., 143.4 AUG., 156.5 SEPT. 1940, 112.7

UNADJUSTED: SEPT., 146.1; AUG., 142.1

October—Percentage retail trade increases over previous October: Asheville 7, Winston-Salem–Greensboro 12, Raleigh 10, Wilmington 22, Charleston 17, Columbia 0, Greenville 35. Wholesale trade increases: Wilmington 20, Charleston 10, Winston-Salem 20. September farm income 85% above 1940 in North Carolina, 18% in South Carolina. Payrolls and production above 1940; cotton mill activity up 24%, increased in month. Collections steady to better than 1940. November—Furniture workers' weekly payrolls increased $37,000 in North Carolina. Rock Hill textile plant employing 2,400 closed one week for lack of materials. Charleston bank clearings up 24% above 1940.

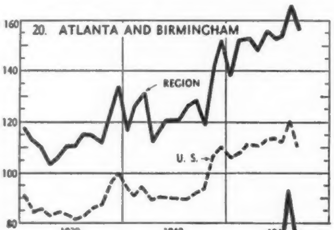


20. Atlanta and Birmingham

SEPT., 156.2 AUG., 166.1 SEPT. 1940, 129.0

UNADJUSTED: SEPT., 156.2; AUG., 151.3

October—Percentage retail trade increases over previous October: Atlanta–Nashville 10, Augusta–Columbus 20, Macon–Mobile 15, Knoxville–Savannah 5, Birmingham 18, Montgomery 3, Chattanooga 25. Wholesale trade increases: Atlanta–Birmingham 20, Nashville 25. Crop yields above 1940 except in Georgia. Pecan crop much above 1940. Factory payrolls increased, 52% above 1940 in Alabama, 54% in Tennessee, 32% in Georgia. Textile, lumber, shipyards, steel plants near capacity. Collections vary. November—Alabama defense plants hiring 4,000 from September-February. Atlanta department store sales 17% above 1940, Nashville 23%.

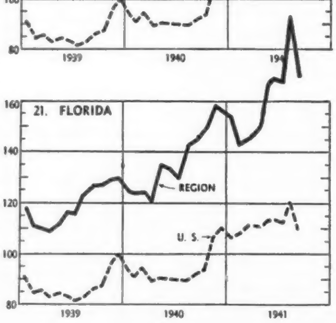


21. Florida

SEPT., 169.7 AUG., 193.1 SEPT. 1940, 144.6

UNADJUSTED: SEPT., 134.2; AUG., 143.5

October—Percentage retail trade increases over previous October: Jacksonville–Tampa 10; Miami off 5. Wholesale trade increases: Jacksonville 18, Tampa 15. Orange, lemon crops below last year; pecan, sugar cane yields above a year ago. Citrus shipments picked up sharply, prices well above 1940. Factory employment 7% above last year, payrolls 17%. Saw and pulp mills, cigar factories very active. Miami building permit value 25% above 1940 in October, 13% below for 10 months. Collections steady to better than 1940. November—Defense industries hiring 9,000 workers from September-February. Jacksonville bank clearings up 18% from 1940.

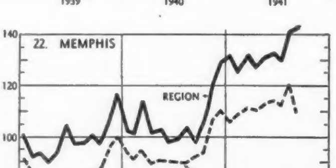


22. Memphis

SEPT., 142.7 AUG., 141.3 SEPT. 1940, 97.2

UNADJUSTED: SEPT., 141.4; AUG., 117.4

October—Percentage retail trade increases over previous October: Memphis 20, Fort Smith 17, Little Rock 21. Memphis wholesale trade up 20%. Rice, grape, apple crops above 1940, corn, cotton yields below. Wet weather slowed rice threshing; cotton picking well ahead of last year. Cash farm receipts in Arkansas more than 50% above 1940. Arkansas non-agricultural employment 10% above last year. Collections better than 1940. November—Arkansas River flood caused corn and spinach crop loss estimated at $500,000, inundated some Fort Smith furniture factories. Memphis department store sales up 20%, Little Rock 22% from 1940.

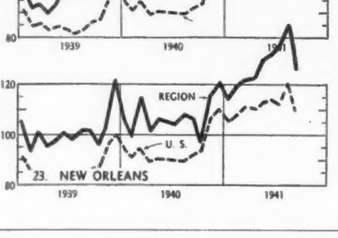


23. New Orleans

SEPT., 126.7 AUG., 143.4 SEPT. 1940, 107.5

UNADJUSTED: SEPT., 125.4; AUG., 127.9

October—Percentage retail trade increases over previous October: New Orleans 20, Jackson 7. New Orleans wholesale trade up 20%. September farm income 49% above 1940 in Louisiana, 148% in Mississippi. Sweet potato, pecan yields above 1940; Louisiana cotton, rice yields below. Cotton ginning active. Hurricane damaged rice crop, threshing delayed. Output of petroleum products at high level. Louisiana factory payrolls 26% above 1940, Mississippi 53%. Collections steady to better than 1940. November—Defense construction very active. Shipbuilding plants expanding operations. New Orleans bank clearings up 22% over 1940.

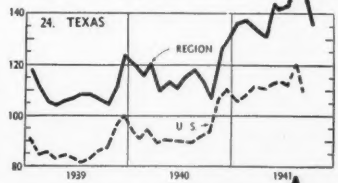


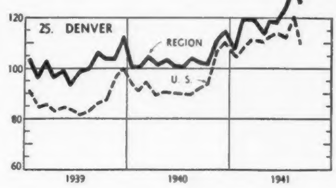
ADJUSTED FOR SEASONAL VARIATION: 1928-32 = 100

24. Texas

SEPT., 135.8 AUG., 157.7 SEPT. 1940, 113.8
UNADJUSTED: SEPT., 141.1; AUG., 133.4

OCTOBER—Percentage retail trade increases over previous October: Dallas 6, Fort Worth-Lubbock-El Paso 10, Amarillo 3, Wichita Falls 20, Houston-Austin 5, Galveston-San Antonio-Shreveport 15, Beaumont 25, Waco 7. Wholesale trade increases: Dallas 15, Houston 8, San Antonio 22, Fort Worth 27, Shreveport 20. Crop yields poor in Eastern section, good in Western. September farm income in Texas 68% above 1940. Payrolls 33% above 1940, best gains in Beaumont, Fort Worth, Dallas. Collections vary. NOVEMBER—Army camp housing 9,000 aids Wichita Falls trade. Texas defense industries hiring 17,000 from September-February.





25. Denver

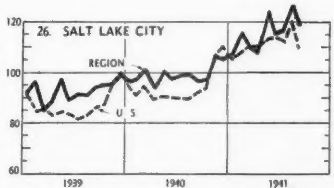
SEPT., 125.7 AUG., 134.7 SEPT. 1940, 102.4
UNADJUSTED: SEPT., 128.3; AUG., 128.9

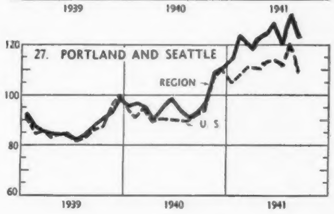
OCTOBER—Percentage retail trade increases over previous October: Denver 5, Albuquerque 0, Pueblo 8, Colorado Springs 10, Boulder 20, Santa Fe 5. Denver wholesale trade up 15%. Fruit, potato, sugar beet yields below 1940, beans above. Sheep and cattle prices best in years. Payrolls and production above 1940, steady to up in month. Coal and oil output ahead of last year. Lay-offs of construction workers started at arms plant near Denver. Collections steady to better than 1940. NOVEMBER—Colorado defense industries hiring 8,000 from September-February; no hirings planned in other areas. Denver department store sales 7% above 1940.

26. Salt Lake City

SEPT., 119.1 AUG., 125.5 SEPT. 1940, 97.6
UNADJUSTED: SEPT., 121.5; AUG., 111.9

OCTOBER—Salt Lake City retail trade 20% above 1940. Wholesale trade up 20%. Farm income in September up about 50% over 1940 in Idaho, Utah, 5% in Arizona. Excessive moisture delayed sugar beet harvest in Utah; yield above 1940 in Utah, below in Idaho. Potato crop below last year. Range condition excellent. Payrolls and production much better than 1940, steady in month. Construction, mining, and machinery industries continue particularly active. Collections steady to better than 1940. NOVEMBER—Pig iron plant expansion at Provo, Utah, to cost $1,500,000. Salt Lake City bank clearings up 25% from 1940, Ogden 38%, Boise 0%.





27. Portland and Seattle

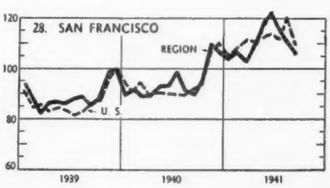
SEPT., 122.7 AUG., 131.7 SEPT. 1940, 93.7
UNADJUSTED: SEPT., 129.2; AUG., 124.7

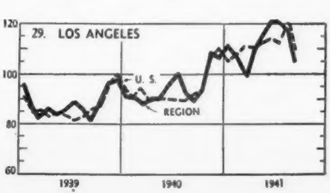
OCTOBER—Percentage retail trade increases over previous October: Seattle 15, Tacoma 12, Spokane 0, Portland 10. Wholesale trade increases: Seattle 30, Portland 23. Grape yield below 1940, apple, pear crops above last year in Washington, below in Oregon. Record Washington hop production. September farm income 50 to 60% above last year. Payrolls and production much higher than 1940. Shipbuilding and aircraft still expanding. Paper, pulp, lumber mills at capacity. Collections better than 1940. NOVEMBER—Defense industries hiring 24,000 from September-February. Seattle department store sales up 35% over 1940, Portland 25%.

28. San Francisco

SEPT., 105.8 AUG., 111.2 SEPT. 1940, 90.6
UNADJUSTED: SEPT., 105.7; AUG., 107.2

OCTOBER—Percentage retail trade increases over previous October: San Francisco 2, Oakland 15, Sacramento 10, Fresno 20. San Francisco wholesale trade up 40%. Rice, sugar beet, cotton yields below 1940, fruits generally above. Payrolls and output steady to better than last year, down in month in Fresno due to decline building materials, furniture, electrical appliance lines, also in Sacramento as canneries wind up very good season. Defense industries at capacity. Collections steady to better than 1940. NOVEMBER—Department store sales 19% above 1940 in Oakland. New steel plant to be built at Pittsburg, large shipyard at Stockton.





29. Los Angeles

SEPT., 104.9 AUG., 117.5 SEPT. 1940, 90.0
UNADJUSTED: SEPT., 103.7; AUG., 112.2

OCTOBER—Percentage retail trade increases over previous October: Los Angeles-San Diego 15, Phoenix 32. Los Angeles wholesale trade up 40%. Orange prices best since 1937, shipments record for month. Lettuce stands good. Cotton crop larger than 1940, ginning slower this year. Livestock condition very good. Payrolls and production much better than 1940. Record hirings in Los Angeles added more than 10,000 to payrolls. Mining and motion picture activity at good level. Collections better than 1940. NOVEMBER—Los Angeles department store sales up 15% from 1940. Earthquake at Torrance caused $1,000,000 damage.

TRADE BOOMS NEAR ARMY CAMP CENTERS—PHOTOGRAPH BY ACME

INDUSTRIAL AND COMMERCIAL FAILURES

	Number of Failures			Current Liabilities (Thousands of dollars)			Total Liabilities (Thousands of dollars)			Dun's Insolvency Index† Unadjusted			Dun's Insolvency Index† Adjusted‡		
	1941	1940	1939	1941	1940	1939	1941	1940	1939	1941	1940	1939	1941	1940	1939
Jan.	1,124	1,237	1,567	11,888	15,279	20,790	12,535	15,805	24,860	62.2	67.1	86.0	51.8	54.6	69.9
Feb.	1,129	1,042	1,202	13,483	13,472	13,582	14,323	13,600	13,589	71.3	66.7	78.0	62.0	58.0	67.8
Mar.	1,211	1,197	1,322	13,444	11,681	19,002	14,754	12,130	19,315	62.5	62.6	72.6	61.3	61.4	71.9
Apr.	1,149	1,291	1,331	13,827	16,247	18,579	15,068	17,114	21,837	61.5	70.1	73.1	58.6	67.4	71.0
May	1,119	1,238	1,334	10,065	13,068	15,897	10,215	13,437	20,734	59.9	66.9	70.5	58.7	65.6	69.8
June	970	1,114	1,119	9,449	13,734	12,581	10,183	25,101	12,737	53.9	62.5	66.5	55.0	64.4	69.3
July	908	1,175	1,153	13,422	16,213	14,999	14,097	17,756	23,634	50.4	63.0	63.0	56.0	70.8	70.8
Aug.	954	1,128	1,126	11,134	12,997	12,637	11,949	13,223	13,092	49.0	60.6	61.4	57.0	71.3	72.2
Sept.	735	976	1,043	9,393	11,397	10,545	10,904	15,473	11,729	40.7	54.3	59.0	48.4	64.6	70.2
Oct.	809	1,111	1,234	7,333	12,715	17,464	7,772	14,236	18,119	44.8	61.7	67.0	48.2	67.1	72.8
Nov.	....	1,024	1,184	....	16,572	13,201	....	17,987	14,874	...	61.9	72.6	...	59.5	69.8
Dec.	....	1,086	1,153	....	13,309	13,243	....	14,480	14,934	...	58.0	65.0	...	57.4	64.3
Total	....	13,619	14,768	....	166,684	182,520	....	190,342	209,454	...	63.0	60.6	...	...	...

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

ANALYZING *the* RECORD *of* INDUSTRIAL *and* COMMERCIAL FAILURES

NORMAL SEASONAL INCREASE IN FAILURES; LIABILITIES LESS

THERE was a normal seasonal increase in the number of industrial and commercial failures during the month of October, but failures as a whole remained on a very low level. A total of 809 was reported in October compared with 735 in September, an increase of 10 per cent. The total was 27 per cent under the 1,111 in October a year ago.

Liabilities, which were unusually low in September, continued to fall. Current debts totalled only $7,333,000, with total debts only slightly higher at $7,772,000. A year ago current liabilities amounted to $12,715,000 and total liabilities to $14,236,000.

According to DUN's Insolvency Index, which relates the number of failures to the number of concerns in business, failures occurred during October at the rate of 44.8 in every 10,000 concerns, compared with a rate of 40.7 in September. This increase was practically normal for the season of the year, and the Index, when adjusted for seasonal variation, changed only from 48.4 in September to 48.2 in October.

Failures on an adjusted basis, therefore, remained at the unusually low level reached in September, a level which was probably under any since the previous all-time low in 1919-1920.

The October rise extended through four of the five main industry groups, (the exception being commercial service), each turning up seasonally from the year's low point reached in September. Both the manufacturing and the retail increases were just about normal; the wholesale rise was somewhat less than average.

The record on the whole was one of only moderate changes in individual lines. The rise in total manufacturing failures from 123 to 138 was well distributed among the various production lines, with the increases unimportant in most cases. Only in printing and publishing was a sharp increase noted, following last month's sharp decline; and in women's wear, knit goods, and furniture the rise was more than the average group rise of 12 per cent. In some special food lines, failures continued last month's decline.

In wholesale trade, declining failures in foods and drugs were offset by increases in electrical goods, house furnishings, and miscellaneous lines.

In retail trade, a rise in food store failures as a whole was due largely to increased defaults among concerns handling meat—both meat markets and grocery and meat stores. In clothing lines, shoe stores went out much more frequently than in September, and in miscellaneous lines there was a noticeable increase in failures of small cigar stores and stationery stores.

The seeming rise in construction failures from 39 in September to 57 in

October was a return to a level about average for the year after severe fluctuations the last two months.

Industry Groups	Oct. 1941	Oct. 1940	Per Cent Change
Manufacturing . . .	138	200	—31
Wholesale Trade . .	69	115	—40
Retail Trade	516	681	—24
Construction	57	71	—20
Commercial Service	29	44	—34
Total	809	1,111	—27

All main groups were well under their record a year ago, wholesale failures leading with a drop of 40 per cent. Manufacturing failures were 31 per cent under those in October 1940, and retail failures were off 24 per cent. In manufacturing the only appreciable cuts were in clothing, printing, and machinery. Failures in all wholesale lines were down, although the greatest drop was in food lines.

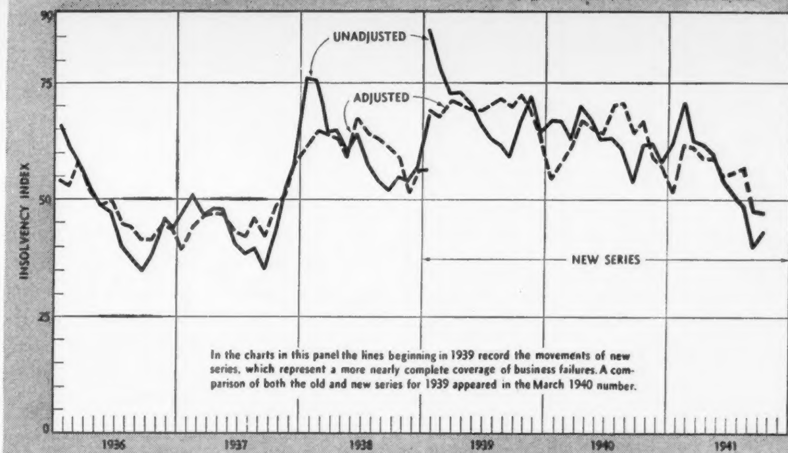
The decline in retail failures from a year ago was very substantial in practically every line. The least change was in furniture, with failures down only 9 per cent, followed by foods, down 14 per cent. Other declines ranged from 22 per cent in building and hardware lines to 46 and 47 per cent respectively in automotive products and apparel.

The month's increase, by size, was confined entirely to failures with debts under $25,000: those with liabilities between $5,000 and $25,000 rising 5 per cent, and the very small failures 18 per cent.

Failures in the larger size groups, on the other hand, dropped sharply in October and reached a combined total which was lower than any in many years, possibly than any on record. The substantial failures, those with debts between $25,000 and $100,000, dropped from 57 in September to 49 in October, and the very large failures dropped from 15 to 6. In neither group individually was a new low established, since failures in each of these size groups had been equally infrequent once before this year, substantial failures in June with 49, and large failures in May with only 5.

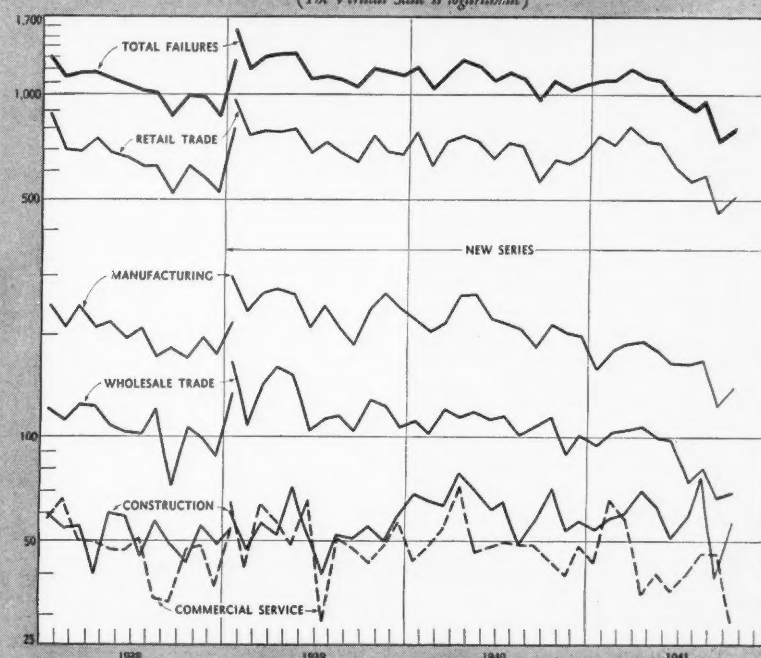
The six large failures in October were manufacturers and included producers

MONTHLY TREND OF THE INSOLVENCY INDEX



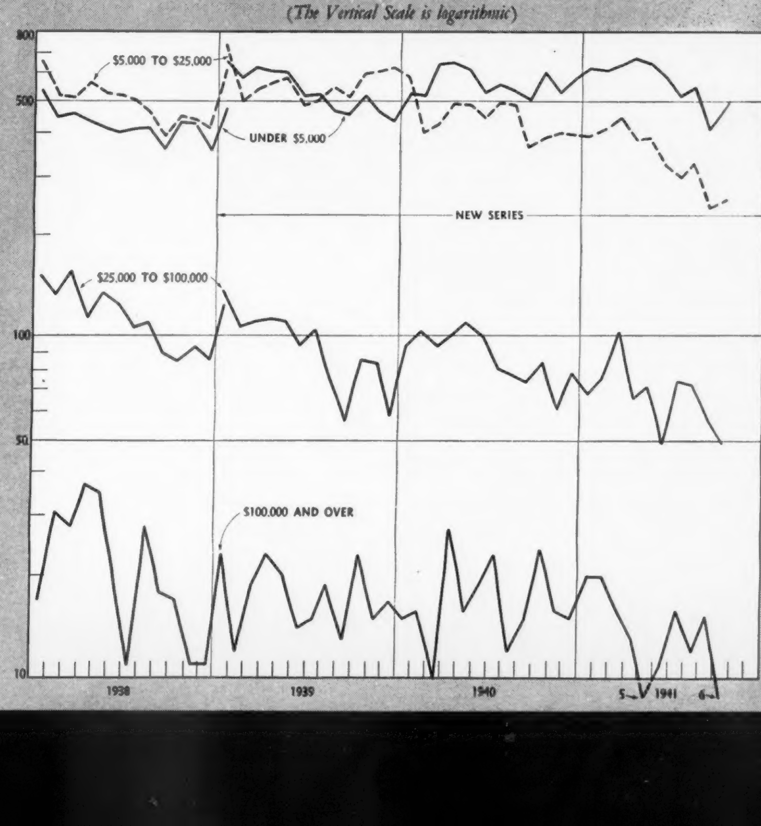
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is logarithmic)



of machinery, airplane parts, and furniture, in addition to a bakery, a brewery, and a stone quarry. Two of these concerns petitioned for reorganization under Chapter X and one for arrangement of unsecured debts under Chapter XI. The other three resorted to assignment and voluntary bankruptcy.

Failures in all size groups were well under the count a year ago:

Size Group Liabilities	Oct. 1941	Oct. 1940	*Per Cent Change*
Under $5,000	494	609	—19
$5,000–$25,000	260	393	—34
$25,000–$100,000	49	85	—42
$100,000 and over	6	24	—75

In nine out of the twelve Federal Reserve Districts, failures conformed to the seasonal pattern to a greater or less extent, rising from what was in most areas the year's low point in September. In the Philadelphia and Dallas districts the rise was negligible, but in other sections it amounted to from 12 to 27 per cent. In the San Francisco area the downward trend in effect since April was continued into October, and in Boston a rise in September, contrary to the general trend, was followed in October by an equally contrary decline. Failures in the Minneapolis district have followed a very erratic course throughout the year and moved downward against the general pattern in October.

The 25 largest cities, as a group, contributed more to the October rise than did the rest of the country. However, within the 25 much of the increase took place in the two leaders, New York City and Chicago; in nine out of the 25, October failures went down rather than up. Compared with a year ago, failures were down about equally in both the 25 largest cities and in the balance of the country.

Federal Reserve Districts	Jan.-Oct. 1941	Jan.-Oct. 1940	*Per Cent Change*
Atlanta	400	563	—29
Richmond	334	464	—28
Chicago	1,293	1,649	—21
Minneapolis	158	189	—16
Philadelphia	678	769	—12
New York	3,689	4,182	—12
Kansas City	422	462	— 9
St. Louis	324	359	— 9
Dallas	239	261	— 8
San Francisco	1,176	1,226	— 4
Cleveland	553	565	— 2
Boston	842	820	+ 3
Total	10,108	11,509	—12

Failures by Divisions of Industry—October 1941 and 1940

(Current liabilities in thousands of dollars)

	Number			Liabilities		
	Oct. 1941	Sept. 1941	Oct. 1940	Oct. 1941	Sept. 1941	Oct. 1940
Total United States	809	735	1,111	7,333	9,393	12,715
Mining and Manufacturing (total)	138	123	200	2,879	4,189	5,247
*Mining—Coal, Oil, Miscellaneous	3	5	6	146	99	361
Food and Kindred Products	39	42	40	1,027	2,262	1,074
Textile Mill Products and Apparel	23	17	54	238	167	1,443
Lumber and Lumber Products	18	11	21	333	342	227
Paper, Printing, and Publishing	13	4	20	142	103	890
Chemicals and Allied Products	8	7	8	73	185	432
Leather and Leather Products	5	3	6	117	37	100
Stone, Clay, and Glass Products	3	3	3	28	17	69
Iron and Steel, and Products	4	7	7	128	66	92
Machinery	8	7	14	229	477	142
Transportation Equipment	2	2	2	269	7	37
Miscellaneous	12	15	19	149	427	380
Wholesale Trade (total)	69	67	115	729	924	1,846
Food and Farm Products	24	30	46	187	392	606
Apparel	2	2	5	47	15	189
Dry Goods	4	2	5	27	54	13
Lumber, Building Materials, Hardware	6	5	9	128	68	320
Chemicals and Drugs	1	7	1	6	29	12
Motor Vehicles and Automotive Equip.	5	4	5	49	44	66
Miscellaneous	27	17	44	285	322	640
Retail Trade (total)	516	460	681	2,790	3,239	4,194
Food and Liquor	185	158	216	786	738	945
General Merchandise	25	25	37	178	260	221
Apparel and Accessories	60	49	114	345	269	648
Furniture, Home Furnishings	31	29	34	202	388	320
Lumber, Building Materials, Hardware	29	31	37	205	421	368
Automotive Group	35	35	65	213	256	650
Eating and Drinking Places	77	79	106	457	427	564
Drug Stores	27	29	36	160	260	229
Miscellaneous	47	25	36	244	220	249
Construction (total)	57	39	71	577	594	854
General Building Contractors	17	6	9	350	281	180
Building Sub-contractors	39	32	57	224	263	594
Other Contractors	1	1	5	3	50	80
Commercial Service (total)	29	46	44	358	447	574
Passenger and Freight Trans.—Highway	10	12	7	172	164	122
Miscellaneous Public Services	1	..	..	10	..	..
Hotels	..	..	2	..	..	14
Cleaning, Dyeing, Repairing	4	14	10	13	62	81
Laundries	6	6	7	125	152	190
Undertakers	1	1	5	2	4	41
Other Personal Services	2	7	3	8	23	18
Business and Repair Services	5	6	10	28	42	108

* Subtract this item to obtain manufacturing total.

Canadian Failures

Canadian failures likewise turned upward in October, from the year's low point in September. They numbered 57, compared with 45 in September, and were 28 per cent under the 79 reported a year ago. In spite of the rise in the number of failures, the amount of liabilities involved decreased slightly, from $377,000 in September to $365,000 in October. A year ago liabilities amounted to $512,000.

A business failure, as defined for this record, occurs when a commercial or industrial enterprise is involved in a court proceeding or a voluntary action which is likely to end in loss to creditors. Failures in this sense are but a small part of total discontinuances from business.

Beside this monthly summary and interpretation of the Dun & Bradstreet statistical data on failures, other information is available. Each month in Dun's Statistical Review there appear additional analyses of the failure and liability figures, such as: for 25 large cities; for States and Canadian Provinces; for Federal Reserve Districts; for the broad divisions of business according to the five size groups.

HERE *and* THERE *in* BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Lightning—Probably at some time you've looked at a lightning-split tree and wondered why it didn't catch fire when the Jovian bolt struck.

There was a reason. According to information from Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa., the riven but unfired tree is a victim of cold lightning, a sort of hit and run bolt which leaves its scene of destruction too quickly for a blaze to start.

The stroke which starts forest fires, on the other hand, is hot lightning, a low current, long duration variety which sticks around long enough to warm its subject up to the igniting point. Hot lightning is the particular enemy of power systems. It's most frequent in sections where the top soil contains ancient rocky formations.

Now that lightning studies have revealed this difference between hot and cold lightning, Westinghouse is designing its power line devices to combat the hot stuff and let the splinter shafts fall where they may.

Difference—An interesting difference in replies to two surveys of stockholders was reported recently by public relations man Ralph Gates, of New York City.

One survey of stockholder opinion was made in a questionnaire which named the interested company. At the same time a similar survey was made among other stockholders by a questionnaire which did not reveal the sponsor's name. Note the difference in replies:

	Company Survey *Per Cent*	"Blind" Survey *Per Cent*
Replies	17	36
Read report thoroughly	77	40
Glanced at it	21	55
Easy to understand	82	39
Understood charts	77	60

Best Years—"I have given the best years of my life to the company" is one of those oft heard statements to which many a speaker assumes there is no adequate reply; his argument's won.

To the statement last month the president of the Louisville & Nashville Railroad devoted a considerable part of his monthly, two-page message to employees, which was printed in the company's magazine. The discussion had been opened by a letter of complaint from a veteran employee whose son had been turned down by the railroad because of a minor medical disqualification.

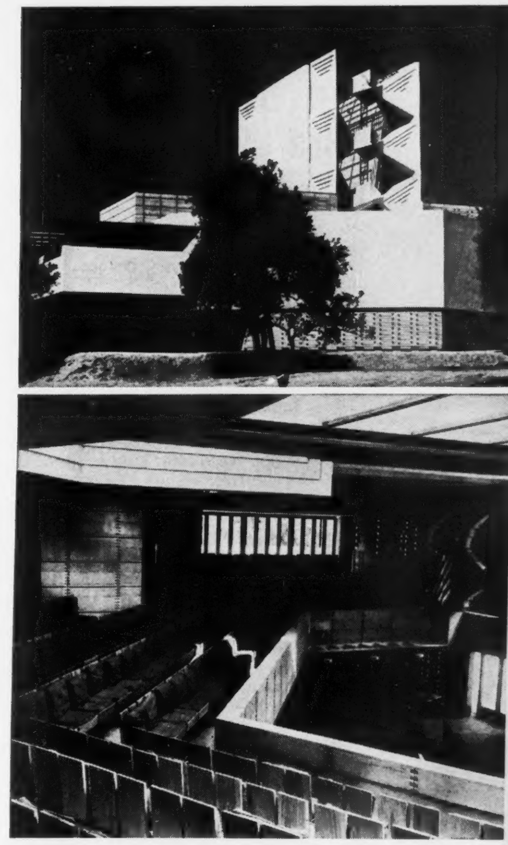
Wrote railroad president J. B. Hill: "I have heard many employees say, 'I have "given" the best years of my life to the Company.' This is not literally true. In the sense of uncompensated service they have actually 'given' but little. They have worked hours, days, or years at an agreed rate of pay. They have in the narrow sense no more 'given' service than the Company has 'given' money. On the other hand I have known officers to feel that men were fully compensated by their daily wage and that no obligation thereafter ensued.

"Probably neither of the extremes represented by these views is correct. Maybe the word 'obligation' does not define accurately what is herein discussed. A father has an obligation to his child, the child to his father, yet beyond those obligations there is a tie that has grown out of their daily lives and actions which holds them together through the years in a bond of sympathy, interest, and affection.

"It seems to me that a similar relation does and should exist between the Company and its employees."

Wright's Chapel—If you've wondered what happened to the blank, geometric New York World's Fair style of architecture, call at Lakeland, Fla., and visit the E. Stanley Jones Foundation of Florida Southern College. Here the master modern architect of them all, Frank Lloyd Wright, is creating fourteen buildings. Their design and construction will be native to Florida, not borrowed Moorish. Despite their casual resemblance to the New York Fair's kind of architecture, the buildings provide a distinctly different merging of religious design and Floridian characteristics.

First to be finished is the Annie Pfeiffer chapel. It has no windows on the lower floor; Mr. Wright says persons do not intend to look out of windows when they come to chapel.



CHAPEL—*Sunlight through flowers and trellis makes odd patterns in chapel at Florida Southern College.*

The outside wall blocks are made of cement and sand, mixed with ground coquina, a limestone composed of broken shells and coral, native to Florida. For protection against hurricanes, the chapel walls are double, cemented together, and reinforced with horizontal and vertical steel rods.

The chapel tower is made of glass, steel, and concrete. It has iron trellises, on which grass and flowers grow. Above these swing round, bronze bells. The coquina walls contain more than 50,000 red, white, blue, green, and amber glass cubes.

Stairway treads are a foot deep but rise only 4½ inches per stair, about half the normal step.

Also designed by the architect are the severe, straight-backed, cypress seats with movable cushions. They afford a clear view of the speaker's stand from all parts of the room. The chapel's acoustics are said to be perfect.

Research—Since 1925 the American Society of Heating and Ventilating Engineers has annually allocated 40 per

GOGGLES—*Fringed edges on new Polaroid goggles made by American Optical Company, Southbridge, Mass., keep out the wind. The Army has approved the goggles (but without the girl) for its ski troops.*

cent of dues paid by the society's membership to support research activities. Last year the sum set aside was almost $16,500. Other contributions brought the total for expenditures under the supervision of ASHVE's Committee on Research to $80,000.

To co-ordinate and publicize the work of its different research projects, the Society this year published a booklet about the work of its Technical Advisory Committees. The procedure is to name a committee and its personnel, describe the scope of its work, outline the research investigations, tell where they are being made, then list the committee publications on the subject.

Rosin—Because the public currently likes its household articles—furniture, soap, papers—light in color, most natural rosins for use in paints and inks are priced on the basis of their color; pale rosins are finest and command the highest price in naval stores markets.

Late last October, however, the Naval Stores Department of Hercules Powder Company, Inc., Wilmington, Del., announced the development of Poly-pale resin, produced by a chemical process called polymerization. It changes the rosin molecules into large molecules having unusual chemical properties.

Derived from either the gum rosin or wood rosin of the Southern pine belt, Poly-pale resin is almost "water-white," which is the trade term for a pale, lemon yellow rosin of the next to top rating. The light color makes possible its use in pale varnishes and surface coatings. It is also free of metals, has a lower acid number, an appreciably higher melting point, and higher viscosity than any natural rosin.

Binder—Placed on the market this Spring, a sales presentation binder made by the 74-year-old Barrett Bindery Company, Chicago, Ill., is sufficiently unique for a patent. When closed, it resembles a leather-covered, three-ring, loose-leaf notebook. For carrying, the binder snaps into a zipper brief case.

To set up his presentation, a salesman opens the binder so its pages are flat, gives the cover a push and a twist. About one-third down from the top the cover folds out, becoming a triangular stand which supports the opened binder pages. The presentation can be used flat, or at a 35 or 65 degree angle. It can also be set up while snapped into the zipper.

Superman—"It's a bird! It's a plane! It's Superman!" For more than a year this excited shout has come from the radio receivers of flustered parents. Their heirs, wriggling with thrill, probably have their noses pressed flat against the radio speaker screen—in order to miss not a single biff, bop, or zoom of Superman, the human hero from Mars.

Superman is big business, too. How much of a mental influence he represents in the minds of grammar school America, may be arguable, but there's no denying his expansion in terms of audience and market.

Originally, Superman was a comic strip character, created by Jerry Siegel and Joe Shuster. Now he appears in 300 newspapers and in a series of comic or adventure books which essentially resemble Sunday funny papers in booklet form. At present there are about 50 of these comic books appearing on newsstands, just as magazines do. And the moppet audience rushes to buy, devour, then swap.

Superman seems to be the best known. From comic book herodom, he graduated to radio, where he flies through the fictional air with sound effects instead of print. Superman, you

TRAINING FILM—*Machinists, operators, and apprentices of Bell & Howell Company, Chicago, Ill., view the first of 50 U. S. Office of Education defense training films, "Cutting a Spur Gear." The pictures are distributed by Castle Films, Inc., New York, and also through the Bell & Howell Film Library and others.*

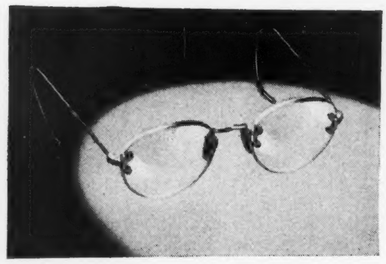
see, is a Martian and can defy gravity. He demolishes the Siegfried Line, rounds up crooks and Nazi spies, rescues babies and cripples from under the wheels of driverless trucks.

There are, of course, Superman sweaters, shirts, and toys. (In a red and blue get-up, he's Superman; when he wears regular clothes, he's a newspaper reporter.)

This month Superman invades the movie house. The "Man of Steel" is being featured by Paramount Pictures, Inc., in a series of Technicolor shorts. These will be animated cartoons telling a straight dramatic story, using humor only where it normally would occur. The first short reveals Superman foiling, in old-time Frank Merriwell, modern dive-bomber style, the plot of a mad scientist trying to destroy New York City by means of a death ray gun. The kid audience is expected to be terrific.

Statements—Who should know better the meaning of a financial statement than the accountant who prepares it? A 14-point explanation of these statements and of corporation balance sheets has been prepared for the average layman and investor by the American Institute of Accountants. It's called *Financial Statements: What They Mean.* It gives in simple, lucid language the answers to such points as "Why does the balance sheet always balance?" and "What the auditor's reports tell the investor."

Cartoon Art—On tour throughout the United States right now is a unique art exhibit—the work of a comic strip cartoonist who is noted for conveying emotion and excitement artistically. The cartoonist is Milton Caniff, the



LIGHT—*Safety spectacles are made by Univis Lens Company, Dayton, Ohio, for use by supervisors and plant visitors.*

pictures his daily strip, *Terry and the Pirates,* set in the Orient.

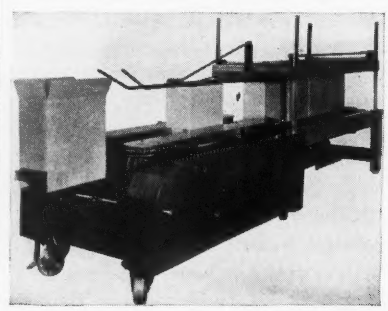
The art tour began all unwittingly when the Julien Levy Art Gallery, New York City, exhibited the cartoonist's work. To the pleasure of Caniff and the *New York Daily News,* the show proved popular. After a few weeks is was moved to the Art Institute of Chicago. Following a time lag of several months, it was requested by the Portland, Ore., Art Museum.

Newspapers which print *Terry and the Pirates* have sponsored the exhibit actively all this Fall. It's been in Omaha, Charlotte, N. C., Detroit, San Jose, Winnipeg, and Reno, to the greater glory of the comic strip as art.

Effect—One by-product of wars is the migration of culturally important values to countries at peace. Recently, for example, the Institution of Mechanical Engineers, London, sent the original wash drawings of James Nasmyth's "Patent Steam Hammer," dated 1844, to the Chambersburg Engineering Company, Chambersburg, Pa.

This came about as the result of a request for reproductions of Nasmyth's drawings. The London Institution sent the originals "as a gesture of international good-will."

SEALER—*A movable container sealer specially adapted to use sodium silicate, previously objectionable, is introduced by ABC Packaging Machine Co., Quincy, Ill.*



SALES MANAGEMENT

(Continued from page 24)

sign, drafting board and experimental production, tooling up and working out the "bugs" in the early production-line models—these are costly, whether done in the plant when manufacturing a machine or in the field, "manufacturing" a market.

A machine and its parts are tangibles; they can be seen, felt, weighed, calipered, micrometered, and demonstrated. Perhaps a market is intangible—yet without it the machine is a dead asset on the factory floor.

A large by-product coke company spent twenty years and $10,000,000 to build a dealer and consumer market. A year ago they disbanded their sales force, turned their output into a single contract channel and threw away that dealer-consumer market. They can never buy it back at any price; not with twice $10,000,000! Perhaps time will prove their decision to be very wise. Perhaps not.

A famous European diplomat, when asked the secret of his success in always getting what he wanted when he wanted it, replied, "I have made it a rule to know the right people at least ten years before I needed them; and I have always done for them beforehand more than I ask them to do for me!"

Like the diplomat who anticipated his need for a quick source of information and help, the executive who wants a ready market must plan for it and cultivate it years in advance. The market which will be needed desperately after the war cannot be had on instant demand, regardless of how many millions may then be poured into marketing operations. The decisions made today will determine the market tomorrow.

A foresighted investment in sales betterments today, as a hedge against the day of peace, plus a shrewd current estimate of what is really necessary to maintain the essential core of sales activity; these will provide the top executive with the basis for a fairly sound judgment. The middle course, in this as in other important problems, seems to be the wisest.

CANADIAN WARTIME PRICE CONTROL

(Continued from page 19)

basic weekly wage for lower paid workers. Changes are to be made automatically as of the fifteenth of November, February, May, and August. Excluded from coverage are non-profit institutions such as schools, hospitals, religious organizations; employees above the rank of foreman; and government employees. Wage rates, with some exceptions, are fixed at the level prevailing November 15.

After more than two years of war, the price rise in Canada has been about half as large as in Great Britain and slightly greater than in the United States. Wholesale prices increased 8.4 per cent in the first month of the war and then increased moderately each month until a peak advance of 15.1 per cent was attained in March 1940. This initial advance, equal to about half the entire price increase in the war to date, was due to a number of factors, including: heavy purchases by manufacturers, many of whom had very low inventories; an 11 per cent exchange depreciation in terms of American dollars; a rise in world prices; and increased shipping costs.

Price Movements

Although prices moved within a narrow range during 1940, a new advance began in the latter part of the year and, paralleling price movements in the United States, gathered momentum in the Spring and Summer of 1941. The lesser increases have occurred in metals and other mineral products, while farm products, textiles, and foods record the sharpest advances. This is in line with the trends in the United States during the same period.

The increase to date has been less than in the corresponding period of World War I. However, price control was not undertaken during the first two years of World War I; and food control was not instituted until June 1917; there was no depreciation in the Canadian exchange rate during the earlier struggle; and not much more than 10 per cent of the national income was devoted to war purposes at the maximum effort in World War I, as compared with an increasing proportion, now exceeding 40 per cent in this conflict. Prices advanced 14 per cent in the first five months of World War II as compared with 2 per cent during the same period in World War I. In the next 20 months, however, a further advance of only 14 per cent (of which 9 per cent took place in the last five months) occurred, as compared with 32 per cent in the earlier conflict.

Canada's tremendous war effort is reflected in its increasing expenditures. In the fiscal year ending March 31, 1939, only $34,000,000 or less than 1 per cent of the national income was spent on defense. By fiscal 1940-1941, the total had increased to about $1,000,000,000 including British war expenditures financed by Canada. The Dominion's national income is less than $5,000,000,000. Expenditures will be more than twice as large in the current fiscal year.

1941-1942	Expenditures *(in millions)*
Ordinary	$468
War	$1,300 to $1,450
British account	$800 to $900
	$2,568 to $2,818
Estimated national income produced	$5,750,000,000
Per cent spent by Government	44 to 49

With the government taking almost 50 per cent of the national income and the supply of goods available for civilian uses beginning to decline, it is clear that its fiscal policy plays an important rôle in determining the extent of the underlying pressure for higher prices.

According to the Minister of Finance, the government follows "as far as may be practicable, a pay-as-you-go policy (to avoid the) inequities and the disorganizing and shattering effects of inflationary rises in prices and incomes." To accomplish this objective, direct and indirect taxes have been increased sharply, prepayment of taxes has been encouraged, war savings certificates are being sold, and emphasis is placed upon non-inflationary sources of borrowing. However, he has recently pointed out that these measures will not be enough.

"The shortages of materials, labor, power, and transport which are now developing, are in many cases so acute

that no practicable scheme for reducing people's money income could be expected to curtail civilian expenditures far enough and fast enough . . . fiscal measures will have to be supplemented by more direct controls of production and consumption."

Tax collections, plus miscellaneous revenues, increased from less than $500,000,000 before the war to $859,000,000 in the fiscal year ending March 1941. For the current year they are estimated at approximately $1,400,000,000. Thus, almost 80 per cent of the spending for Canadian account will be met out of current revenue. With the inclusion of the spending for British account, however, the proportion covers only slightly more than 50 per cent and the Canadian deficit would then be more than $1,200,000,000.

The inflationary possibilities in this situation may be realized when it is remembered that this deficit would be about 20 per cent of the national income; an equivalent deficit in the United States would be about $17,000,000,000. Fortunately, a major part of the necessary financing will be through non-inflationary sources. Thus, about $200,000,000 is expected to be raised by sale of securities to the unemployment insurance fund, the annuities fund, and the sale of war savings certificates.

The recent Victory Loan, which appears to have been bought mainly by others than commercial banks, yielded an additional $711,000,000. It seems likely, therefore, that only a small part of the deficit this year will have to be financed by the sale of securities to the banks, resulting in an inflationary pressure.

All types of taxes have been increased and many new ones levied. The income tax now starts at 15 per cent, as compared with 3 per cent in the prewar period; and the exemptions have been lowered. Moreover, since July 1941, the National Defense Tax has been increased from 3 to 7 per cent for single men with salaries of $1,200 or more, and from 2 to 5 per cent for all others with incomes above specified amounts. This tax is deducted at the source and applies to the full income.

Corporation taxes now start at 40 per cent and the excess profits tax may take as much as 79½ per cent. All imports from non-Empire sources are subject to a 10 per cent tax, which discourages de-

mand for foreign products, and conserves foreign exchange. Excise taxes were either levied or increased sharply on products such as radios, tires and tubes, automobiles, cameras, soft drinks, cosmetics, tea, beers, malts, wines, and cigarettes.

The tax on automobiles was designed to discourage particularly the purchase of high-priced imported cars. It is graduated as follows:

	Per Cent
First $900 of retail value	25
Added value up to $1,200	40
Value in excess of $1,200	80

A forced saving scheme, introduced in Great Britain last April and now being adopted in Australia, has not yet been resorted to by Canada.

An over-all picture of wartime price control in Canada would show that the agencies concerned with prices have devoted the major part of their efforts to modification of the underlying pressures, the supply-demand relationships tending to push prices upward. Voluntary co-operation rather than governmental fiat has been the basic approach.

However, the most difficult period lies ahead. Now that the supply of goods available for civilian consumption must be reduced to meet the expanding needs of the war, the pressure for an inflationary price rise will be greater. Increasing amounts of purchasing power will be competing for decreasing supplies of goods. The adoption of a general ceiling for prices and wages reflects this pressure, but it will not in itself be enough to prevent further price increases. Only if this increased purchasing power is diverted to the government through still higher taxes, or more voluntary savings, or some combination of both will a sharp price rise be averted. Alternatively, some scheme for forced saving may have to be adopted.

Another factor which may prove very troublesome is the movement of American prices. The close interrelationship between the two countries means that the failure to take the appropriate measures to restrain a sharp price rise in the United States will intensify the Canadian problem. That stern efforts and further sacrifices will be made in Canada to forestall a needless inflation is clearly indicated by the resoluteness with which these problems have been tackled to date.

OVER THE EDITOR'S DESK

THE authors of this month's articles perhaps need no introduction; all have contributed before. Roy A. Foulke (page 5) is perhaps best known; his fourteen financial ratios have been used by many business men either from the pages of DUN'S REVIEW or from the booklets in which they have appeared each year. Although he is not listed as one of the editors of this magazine he might well be; as a DUN & BRADSTREET executive who has a considerable contact with the policy determining problems of important companies, his continuing advice and help contribute to the publication's service.

FOUR MONTHS ago Dr. Jules Backman told of England's price control machinery; this month's nine-page summary of what Canada has done in this direction (pages 11-19) results from continuing and intensive study that fits in with his teaching responsibilities at the New York University School of Commerce. His research has resulted in much that is helpful on price control including, *Adventure in Price Fixing, Government Price Fixing,* and studies for the National Industrial Conference Board, Inc., and the National Retail Dry Goods Association.

BACK of Burton Bigelow's comments on what should be done with salesmen when there's nothing to sell (page 20) is experience in selling itself, as an advertising manager, as a sales manager, and as the head of his own sales management consultant organization. He is the author of a three volume work, *The Knack of Selling More,* as well as a frequent contributor to American and Canadian magazines.

IN THE January number author Foulke will return again with "Financial Management Problems in a War Economy," a thoroughgoing examination of the effects on company financial problems of what is happening in industry today. Indeed, readers may expect to see his name frequently for the next few months; there is being planned a series that is a very happy by-

product of DUN & BRADSTREET's one-hundredth anniversary. If plans work out, there will appear a summarization of the history of credit institutions in this country since its settlement; one result of Mr. Foulke's research for his book, *The Sinews of American Commerce,* an anniversary volume.

A MANUFACTURER of plywood writes that the price increase shown for Douglas Fir Peeler Logs and Plywood in "Price Control—Here and Now" is disturbing to persons in the industry because it shows a larger percentage of increase than Douglas Fir Plywood manufacturers made.

He says: "While the increase in price by this company on some items varies over that of others, the average production centers in the panel of finished thickness in a Sound 2 Sides grade. Taking the 48-inch width, the price in June 1940, was $41 and the price on August 1, 1941, was $46.05, an increase of $5.05, or an increase of 12.3 per cent over the price in effect on June 1, 1940."

FOR readers who wish more data about the Regional Trade Barometers there are available: (1) the index figures by months since January 1928, corrected for seasonal variations and uncorrected; (2) "The Regional Trade Barometers—Construction and Use"; (3) "How Consumer Purchases Vary with the Seasons in 29 Regions"; (4) a list of the counties in each of the 29 regions, and (5) a list of cities of 25,000 population or over with regional location and retail sales.

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1941

ANNUAL INDEX *to* DUN'S REVIEW

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ARTICLES are listed in this index by author, title, company, and subject, each entry referring to the issue date and page number. Broad subject headings are used; this is not a completely detailed subject index.

As a guide to the inclusiveness or nature of the material indexed, the titles of major articles are printed in *italic type*, short items are indicated by an (s), photographs that appear without extended text by (p), and views of cities shown on the covers by (c).

In using this index it will be helpful to keep in mind the nature of the contents of DUN'S REVIEW. The magazine deals with trends, tendencies, developments, and legislation which are significant in their effect on the policies of businesses. It is planned to serve chief executives who must take into consideration the long-time influences of such forces. In each monthly number are articles by authorities in their fields or resulting from research activities. There also are monthly sections or departments, several of which summarize business statistical data.

During 1941 three research projects were reported at length and are indexed under appropriate subject headings. The "Survey of Retail Operating Costs," and "Fourteen Financial Ratios for 72 Industries and Trades" include figures for many trades and industries; these individual lines of business are not indexed. Similarly in the surveys of defense created consumer purchasing power, the individual communities are not listed separately here: a "Finding List of Localities Affected" appeared on page 8 in March, page 57 in June, and page 79 in November.

Statistical series originally compiled by the publisher are subject indexed and can also be located easily in "The Regional Trade Barometers," "Significant Business Indicators," and "Analyzing the Record of Industrial and Commercial Failures." Statistical data compiled by others are reported in "The Trend of Business," "Through the Statistician's Eyes," and elsewhere; such data are indexed by subject, but statistical sources are not listed in this index. Nor are the books which have been mentioned or reviewed listed here (see "The Business Bookshelf").

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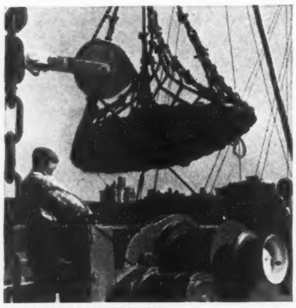

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Financial Services
Commercial Credit Corporation
Douglas-Guardian Warehouse Corporation
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Industrial
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The IMPORTANT THINGS . .

THREE times today, the day when war was declared, I heard men say, "What's the use, nothing seems important except the war." But a national emergency is no excuse for slacking on the daily job. War there must always be against inefficiency, waste, injustice, and intolerance. The things that were important are still important.

Willard L. Thorp.
EDITOR

PHOTOGRAPH FROM CHARLES PHELPS CUSHING


ALLEN WALES